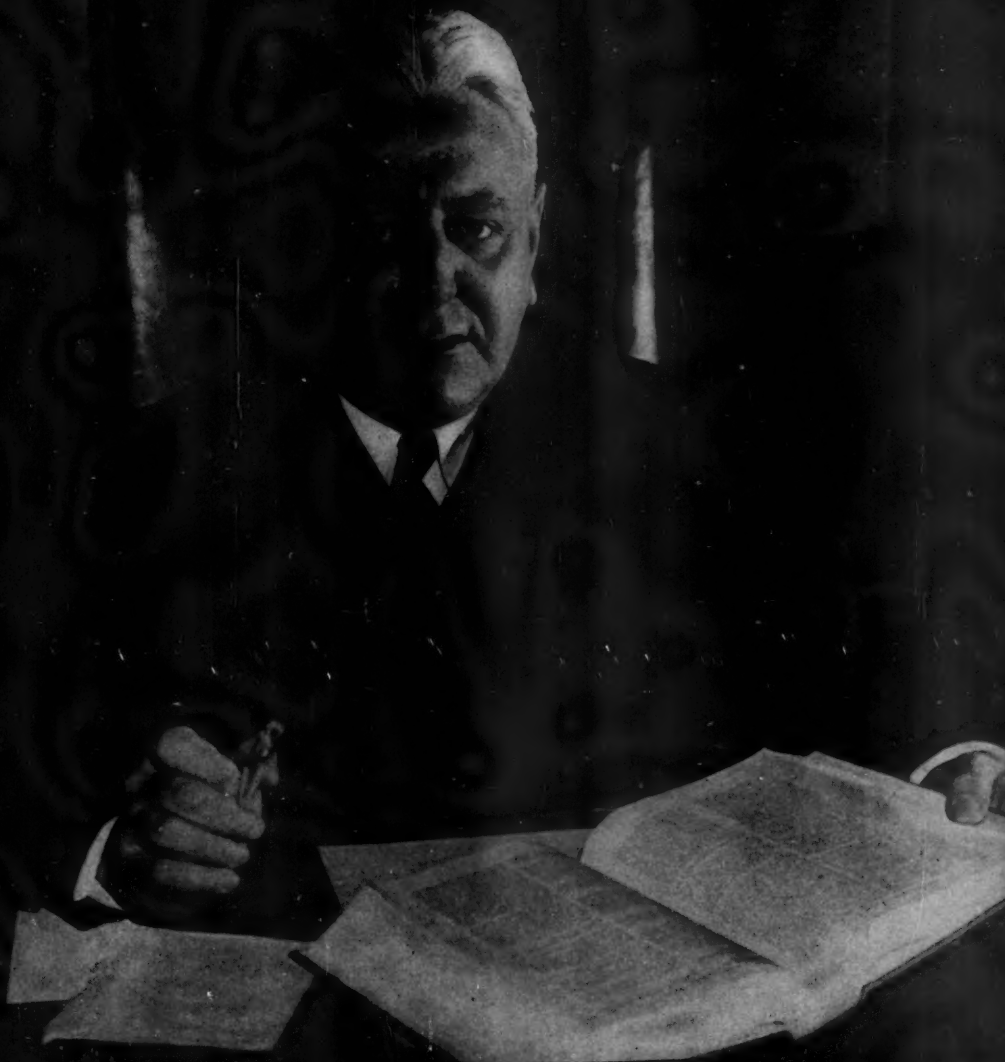


BUSINESS WEEK

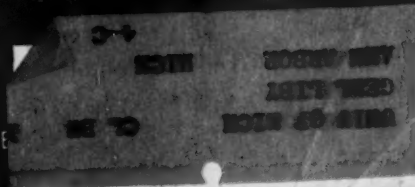
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Judge Frank A. Picard: Portal to portal, court to Congress (page 8)

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ADVERTISING MANAGER
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BUSINESS WEEK • FEBRUARY 8 • NUMBER 1

(with which are combined The Annalist and the Magazine of Business) • Published weekly by McGraw-Hill Publishing Company, Inc., James H. McGraw, Founder and Honorary Chairman • Publication Office, 99-129 North Broadway, Albany 1, N. Y. Editorial Executive Offices, 330 W. 42nd St., New York 18, N. Y. James H. McGraw, Jr., President; Curtis W. McGraw, Senior Vice-President and Treasurer; Nelson B. Director of Advertising; Eugene Duffield, Editor Assistant to the President; Joseph A. Gerardi, Secretary • Address correspondence regarding subscriptions to J. E. Blackburn, Jr., Director of Circulation, Business Week, 99-129 N. Broadway, Albany 1, N. Y. or 330 West 42nd St., New York 18. Allow ten days for change of address. Subscription rates—United States and possessions \$5.00 a year. Canada \$6.00 a year. Pan American countries \$10 a year • All other countries \$20 a year • Entered as second class mail Dec. 4, 1936, at the Post Office at Albany, N. Y., under Act of Mar. 3, 1879. Return postage guaranteed • Printed in U. S. A. Copyright 1947 by McGraw-Hill Publishing Co., Inc.—All Rights Reserved.

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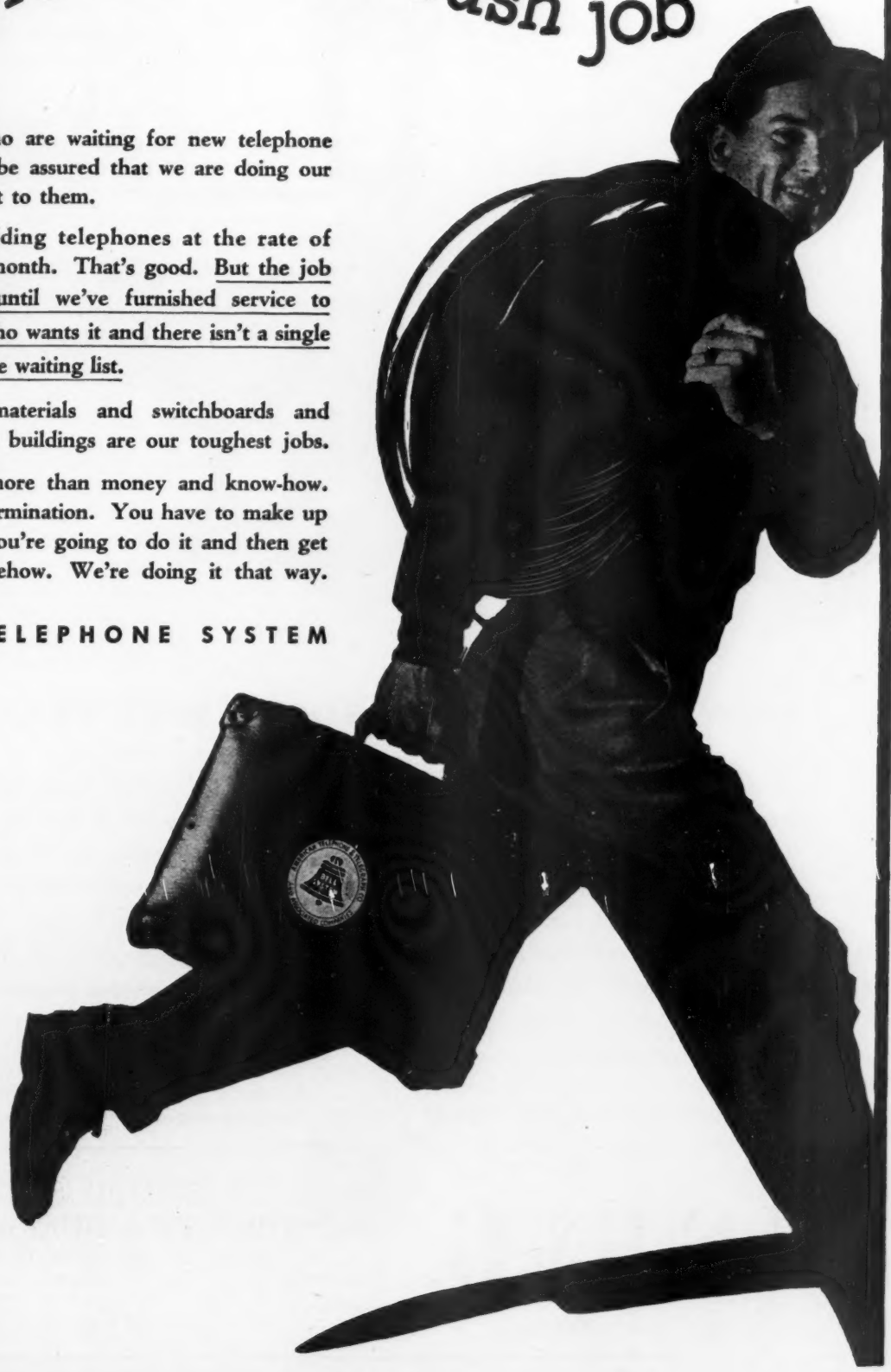
THOSE who are waiting for new telephone service can be assured that we are doing our best to get it to them.

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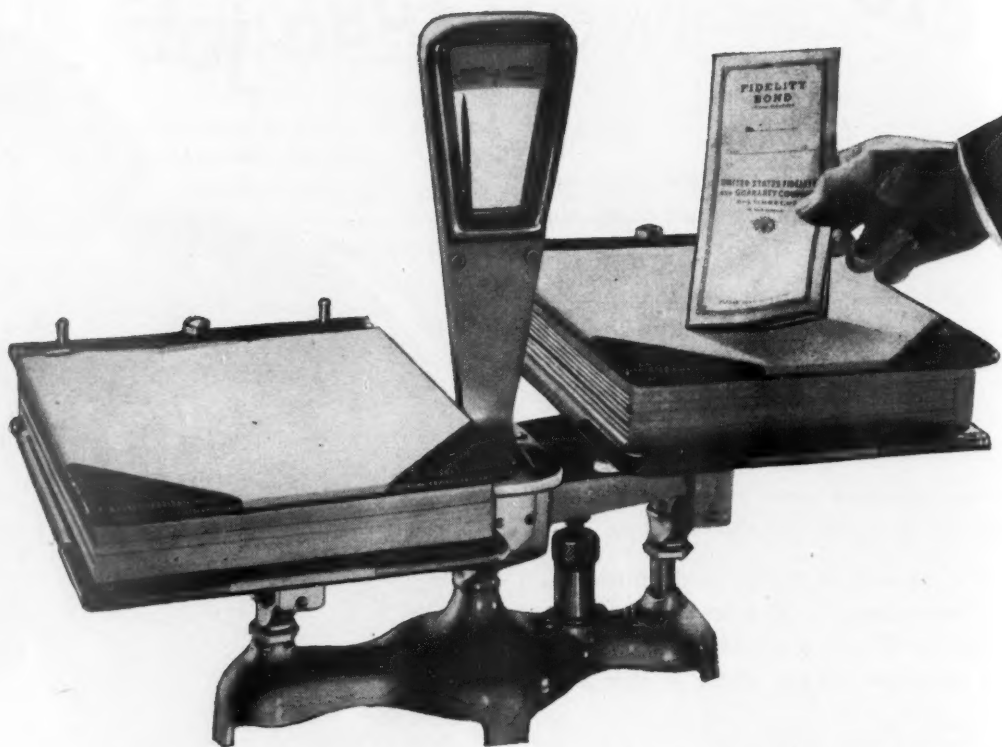
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WASHINGTON OUTLOOK



ANTIMONOPOLY LEGISLATION very similar to that which Democrats like Sen. Murray have championed

will now appear under the names of Republicans: Wherry, Tobey, Aiken, Morse, Langer, Young; some times Saltonstall or Flanders.

Thus, "more room for small business" is shaping up as a common cry of surviving Senate New Dealers and more-or-less liberal Republicans.

This week Murray, as retiring chairman of the Small Business Committee, put forward a report on the "future of independent business."

It's a catch-all of most of the antimonopoly, pro-small-business measures circulating since TNEC days. But it's likely that a few of the recommendations will be picked up by the liberal Republican crowd. Some might become law.

A new agency to make long-term, low-interest loans to small business, particularly veterans' enterprises, is likely to get support from Sen. Tobey. He is in a key position as chairman of the Senate Banking Committee.

This will run into strong opposition from the banks, which never liked the blanket participation loans RFC abandoned last week.

Hit-and-run enforcement of the antitrust laws is another target.

There may be Republican sponsorship for setting up a new unit in the Justice Dept. to follow through on compliance with decrees obtained in antitrust actions.

PROJECT RAND, the Army Air Forces' super-secret Buck Rogers department, is due to be canceled. Chief reason: Now that it's ceased to be supersecret, it sounds a little embarrassing.

Project Rand is a contract with Douglas Aircraft to maintain a staff of assorted experts who spend their time looking into fantastic or sideline ideas occurring to AAF brass. The experts were getting top priority on anything they wanted.

Work under the project has included: an investigation of the causes of war; a study of methods for psychological indoctrination of workers so that they'll stay at their machines when atomic attack threatens; a theoretical analysis of interplanetary travel.

Rand came under a cloud when a requisition on Oak Ridge for a supply of radioactive isotopes resulted in a War Dept. investigation to find out

who wanted the stuff. Project Rand didn't get the isotopes.

STIMULATION OF GERMAN EXPORTS now is open and accepted U. S. policy. The decision has been made: The Administration is braced to ignore the protests expected from domestic industry and labor.

Horace Remington, former vice-president of Colgate-Palmolive-Peet, is being sent to Germany to head up the program under Gen. Clay.

Idea is to furnish Germany with a source of dollars it can use to pay cash for the food imports we now pay for. German producers will be helped to make goods they can sell to U. S. customers or other customers having dollars.

One problem is that the German manufacturers need imported raw materials. This calls for loans. A few loans for this purpose have been made by the U. S. government. But War and State officials want to get onto a commercial basis. They are talking to several big U. S. banks about ways the banks could take over.

Efforts to handle the sales side through the military government and U. S. Commercial Co. haven't worked out. Government is too heavy-footed to kick around the many small deals involved. And mandatory impartiality rules out the exclusive dealerships dear to every importer.

Remington's job will be gradually to clear away the barriers to direct dealing between U. S. importers and German producers. U. S. businessmen have been free for some months to go to Germany. They are now permitted to have preliminary correspondence with German firms, but all actual transactions must still be funneled through the military government.

A MEDIATION BOARD, complete with cooling-off period, is Congress' most likely answer to public demand that something be done to stop strikes. But neither industry nor labor wants this— which puts two strikes on any board before it gets its first case.

With the Senate half way through hearings on labor legislation and the House getting started, little support is showing up for outlawing the closed shop or industrywide bargaining.

Likely features of final legislation would:

WASHINGTON OUTLOOK (Continued)

Ban secondary boycotts and jurisdictional strikes;

Make unions suable in court;

Restrict foremen's unions;

Amend the Wagner Act to increase employer's freedom of speech, extend the employer's right to petition for NLRB elections to the case where a single union is threatening an organizational strike, and require a two-thirds vote for a closed shop.

FEDERAL CROP INSURANCE is going to be revamped. There's substantial agreement between Republican farm leaders and the Administration on overhaul of the program. Action this session is in the cards, especially since losses under the present system are a drain on the Treasury.

The program insures farmers against physical loss of certain crops. It has had a thorny course since it started in 1938. Congress wiped it out in 1943; it was restored a year later, with some of the larceny out of it.

Since then wheat and flax insurance and experimental corn and tobacco operations have moved into the black. But payments on cotton have been more than twice the premiums received.

The agreed objective is to eliminate the moral hazard: the farmer's opportunity to cash in on his insurance by neglecting or abandoning his crop.

The method would be to limit coverage to the farmer's actual out-of-pocket expenses sunk in a lost crop; now he's covered for a percentage of normal yield. Some allowance for return on the farmer's capital might also be included.

A system like this would give him enough money to put in a crop the following year. But it would leave him no chance to bilk the government.

Private insurance companies might be attracted, after a few years of federal experience have established actuarial data.

Even so, it's recognized that there'd always have to be federal reinsurance to protect companies against a generally bad crop year.

"FAIR-TRADE" PRICING of trademarked products is a pet hate of Justice Dept. antitrust lawyers.

Legally, it's a system of resale price fixing designed to protect trademark owners against indiscriminate price cutting. But it's commonly used by distributors to coerce manufacturers into price-fixing, the antitrusters claim.

But the Justice Dept. has to have proof—sufficient proof to obtain injunctive relief in a

civil prosecution. So it has FBI men on the hunt for evidence of coercion.

Criminal prosecution produces only fines—\$32,750 last week, when the department accepted pleas of nolo contendere from the National Assn. of Retail Druggists and 20 retail pharmacy associations in New York and New Jersey. They were charged with boycotting manufacturers who didn't cooperate.

Just a year ago, wholesale druggists pleaded nolo to a similar charge, paid \$87,000.

BUSINESSMAN'S VIEW of Washington:

Hoof and mouth disease is plaguing the Republicans. The hundred million dollars or more it'll take to stamp out the Mexican epidemic typifies the sort of thing that plays hob with budget cutting. . . .

Ralph K. Davies, former PAW deputy and ex-V. P. of Standard of California, is under pressure to accept appointment as a U. S. Maritime Commissioner, probably chairman. . . .

Caught short with a weak battery on the principal House investigation committee (BW—Jan.25'47,p5), Democrats are loading up their side of the new Senate investigating committee. They're putting in Hatch, Pepper, McGrath, and O'Connor. . . .

Though the new Atom Commission is getting a stiff going over in the Senate, there's no thought of rejecting anyone, except perhaps General Manager Carroll L. Wilson; the Army wants a civilian puppet. . . .

Congress will give Truman most of the extended war powers he wants, but will spell them out item by item, commodity by commodity. . . .

Republicans beat Truman to the punch on an increase in sugar rations. When they heard that Secretary Anderson intended to boost rations soon, G.O.P. leaders rushed through a committee report insisting on more sugar for everybody. When it comes, they'll claim the credit. . . .

First break in public-private impasse on marketing southwestern hydro power is Secretary Krug's deal with Texas Power & Light. Utility will transmit Denison Dam power to public bodies and co-ops, take its pay in kilowatt hours. . . .

Business interests are pressuring Asst. Secretary of State Clayton to take a corps of businessmen to Geneva with him as technical advisers on the reciprocal tariff negotiations. Otherwise, foreign sharpshooters might pick off concessions that look harmless to people outside the line of trade involved. . . .



Inco lends a hand in the Petroleum Industry

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THE COVER

White-mopped federal Judge Frank A. Picard has come into the business spotlight as the trial judge in the Mt. Clemens Pottery Co. portal-pay suit (page 17). This marks a high point in a long political career in Michigan, where he is known as scrappy, witty, and an enthusiastic Democrat.

• **Circus Ambition**—The short, stubby, 58-year-old judge, known as "Zip" to his family, was born in Saginaw. His first ambition was to join his brothers, the "Flying Picards" of Ringling Bros. fame. When his French-Canadian father nipped that, Picard consoled himself by originating a song-and-dance act which he performed locally with his sister. During high school days, he worked on newspapers, and at 19 was managing editor of the short-lived Saginaw Exponent, which was supposed to be nonpartisan, but turned out to be violently not so.

After graduating with a law degree from the University of Michigan, where he was one of the lightest quarterbacks (142 lb.) ever to win a varsity letter, he entered politics in Saginaw as assistant prosecuting attorney. He served later as city attorney.

• **Ran Against Vandenberg**—Returning from World War I with the rating of captain in the Army, he made an unsuccessful bid for the job of lieutenant-governor. He was also defeated when he ran on the Democratic ticket against Arthur Vandenberg in 1934 for the job of U. S. Senator. It was during this campaign that his aerialist affiliations came back to haunt him. One night at a rally, he rose to speak and then stared openmouthed at the first row of people, whose mouths and hands were working silently in unison. They were pantomiming the song, "Oh, he flies through the air with the greatest of ease." That song became a familiar greeting when friends met Picard.

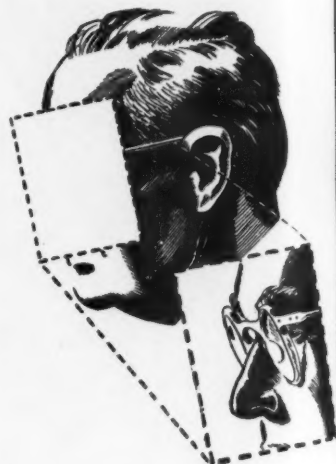
His fight for repeal of prohibition resulted in his appointment as the first chairman of the Michigan Liquor Control Commission.

• **Judge Since '39**—In 1939 he became judge of the U. S. District Court for the Eastern District of Michigan. Since then his exuberant personality has been somewhat tempered by judicial dignity. But reporters note happily that Picard can be depended upon for good copy.

He is married and has four children. For recreation he plays golf and performs card tricks learned while attorney to Blackstone, the magician.

The Pictures—Press Assn.—Cover, 17, 80, 90, 92, 96; Int. News—18, 21, 42, 68, 101; Harris & Ewing—20, 86; Acme—26, 28, 44, 48, 82; Sovfoto—102.

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BUSINESS OUTLOOK

BUSINESS WEEK

FEBRUARY 8, 1947



February is the month when commodity prices should break—that is, if World War I history is repeated.

Stock prices topped off eleven months after that war, began a fairly steep decline thereafter. The first waver in stocks was followed in about eight months by the sadly remembered commodity crackup.

After World War II, stock prices topped off in ten months. That puts us on the brink for commodities—provided you lay any store by this sort of comparison.

Remember, though, that stocks recently have been trying to tell a much happier story than in the summer of 1920 (page 15).

Prices, in the aggregate, have gone down little if at all. The drop in farm-and-food prices simply obscures rises elsewhere.

Industrial raw materials are still rising. They now stand 50% higher than last June when OPA began to crumple and 23% higher than last November when the price agency's controls went out the window.

This increase in costs, plus higher wages granted and pending, makes it hard to mark down the products that industry is supplying.

On top of that, farm prices have rallied in the last ten days, and foods are up too. Thus the "readjustment" still is slow in starting.

High prices on steel-making scrap in a wildcat market now bid fair to complicate the steel situation.

Iron Age this week reports a variety of dodges employed by sellers of scrap. Not the least of these is tie-in sale. These, in turn, contribute to the bootleg market in steel products (BW—Jan. 18'47, p21).

Banking statistics call attention to a situation that may be bad.

Currency in circulation is going down while business borrowings are rising. The changes, so far, aren't large enough to prove anything, but they at least should provoke serious thought.

Money always goes out of circulation after Christmas. People just don't need so much after the buying spree. But, by the same token, business shouldn't need to increase its bank borrowing very much.

This year circulation has dropped \$900,000,000 from the December peak. Loans, after a brief dip, rose to top December by \$150,000,000.

These figures could suggest that retail trade isn't too good (in the light of circulation) and that business is having to borrow to carry inventories and receivables (as reflected in the rising loan total).

Lending policy of banks, with regard to both business and consumers, will have an important influence on the outlook in coming months.

Tightening on business loans, obviously, would curb operations. A looser rein on consumer credit, on the other hand, could boost trade. If consumer loans were to rise to their prewar relationship to national income, the total would go up from the present \$9½ billion to \$14½ billion.

The rate of inventory accumulation is slowing down in manufacturing. This is at once an encouraging and an ominous sign.

On the one hand, it indicates that plants are beginning to get the stuff

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK
FEBRUARY 8, 1947

they need for all-out production. (And the sooner they slacken buying the better if we are in any danger of an inventory bust.)

On the other, it means a reduced rate of operation for suppliers.

Weakest point in the inventory situation quite possibly is that manufacturers of nondurables have stocked more than those of durables.

All manufacturers built their stocks up by a total of \$3,025,000,000 in the second half of 1946, Dept. of Commerce figures indicate. Durables and nondurables started from roughly the same level, somewhat under \$9 billion. Durables since have picked up 14%, nondurables 17%.

Record demand for products would account for accumulation by all hands. Yet it is doubtful that the nondurable lines, with few reconversion problems, had the need to stock up as much as the durable plants.

The temptation is to gaze fondly at full order books and to ask: "Who are these economists who keep hollering 'Wolf' anyway?"

Uninterrupted production for the next several months, expedited by the improvement in labor relations, will further reduce the proportion that individuals save out of what they make.

Savings dipped sharply last year as more goods became available.

Indications now are that the saving tendency will be even smaller in 1947. This will affect sales of savings bonds and life insurance as well as the amount of money that is salted away in savings banks.

There are some signs now of manufacturers in a few lines backing down from the prices posted after the end of controls.

One is women's shoes. Most of the reductions posted so far are in the so-called play shoes. Cuts on dress shoes have been mainly in the high-priced category, where buyers' resistance is most likely to appear.

Most of the regular lines have not been reduced, even though leather prices have receded.

Cotton men, worried about competition from synthetic fibers, can take momentary cheer from the second price rise in rayon since November.

This latest one amounts to several cents a pound. Du Pont, for example, boosted filament yarn to 67¢ a lb. and staple yarn to 34¢ and 35¢.

While competition is not on the basis of price alone, cotton at 32¢ a lb. is in a better position to meet these new rayon quotations than it was a while back when it was up close to 40¢.

Hybrid corn not only made a spectacular contribution to wartime food supplies but also promises to affect farm practices importantly.

In the first place, we shall be able to produce larger corn crops than a decade ago on 10% less acreage. Right off, that means that the Corn Belt can divert those acres to pasture or other crops.

Fertilizer sales also will go up. Hybrid corn mines the soil in fairly direct relationship to its high yield

Shortages this year aren't going to be just raw materials and parts. Lack of freight cars will impede movement of supplies into the plant and finished products out of it. And no easy solution seems likely (page 19).

FIGURES OF THE WEEK

THE INDEX (see chart below).

Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
*190.6	†189.9	188.8	148.3	162.2

PRODUCTION

Steel ingot operations (% of capacity).....	92.7	92.9	89.7	6.0	97.3
Production of automobiles and trucks.....	95,295	†93,278	53,437	13,920	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$16,257	\$15,378	\$12,994	\$11,356	\$19,433
Electric power output (million kilowatt-hours).....	4,777	4,856	4,574	3,983	3,130
Crude oil (daily average, 1,000 bbls.).....	4,650	4,672	4,649	4,609	3,842
Bituminous coal (daily average, 1,000 tons).....	2,189	†2,212	1,848	2,088	1,685

TRADE

Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars).....	81	81	81	68	86
All other carloadings (daily average, 1,000 cars).....	56	57	57	50	52
Money in circulation (Wednesday series, millions).....	\$28,265	\$28,369	\$28,951	\$27,914	\$9,613
Department store sales (change from same week of preceding year).....	+17%	+17%	+77%	+17%	+17%
Business failures (Dun & Bradstreet, number).....	65	52	30	31	228

PRICES (Average for the week)

Spot commodity index (Moody's, Dec. 31, 1931=100).....	382.8	376.9	376.0	266.1	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)...	267.7	266.6	266.2	170.0	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939=100)...	305.8	302.0	308.7	234.6	146.6
Finished steel composite (Steel, ton).....	\$69.36	\$69.36	\$67.91	\$58.27	\$56.73
Scrap steel composite (Iron Age, ton).....	\$31.67	\$31.00	\$31.00	\$19.17	\$19.48
Copper (electrolytic, Connecticut Valley, lb.).....	19.617¢	†19.638¢	19.500¢	12.000¢	12.022¢
Wheat (Kansas City, bu.).....	\$2.11	\$2.09	\$2.05	\$1.69	\$0.99
Sugar (raw, delivered New York, lb.).....	5.57¢	5.57¢	5.57¢	3.75¢	3.38¢
Cotton (middling, ten designated markets, lb.).....	32.09¢	31.12¢	33.32¢	25.21¢	13.94¢
Wool tops (New York, lb.).....	\$1.521	\$1.515	\$1.588	\$1.330	\$1.281
Rubber (ribbed smoked sheets, New York, lb.).....	25.75¢	25.75¢	22.50¢	22.50¢	22.16¢

FINANCE

90 stocks, price index (Standard & Poor's Corp.).....	125.1	121.8	121.7	148.0	78.0
Medium grade corporate bond yield (30 Baa issues, Moody's).....	3.12%	3.12%	3.15%	2.97%	4.33%
High grade corporate bond yield (30 Aaa issues, Moody's).....	2.56%	2.56%	2.59%	2.49%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average).....	14-14½	14-14½	14-14½	1.00%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	1%	1%	1%	¾%	4-8%

BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks.....	39,902	40,082	39,981	38,026	23,876
Total loans and investments, reporting member banks.....	55,805	56,036	56,153	68,211	28,191
Commercial and agricultural loans, reporting member banks.....	10,499	10,444	10,251	7,300	6,296
Securities loans, reporting member banks.....	2,138	2,013	2,491	5,024	940
U. S. gov't and gov't guaranteed obligations held, reporting member banks....	35,636	36,171	36,029	49,656	14,085
Other securities held, reporting member banks.....	1,395	3,382	3,430	3,365	3,710
Excess reserves, all member banks (Wednesday series).....	700	790	560	1,061	5,290
Total federal reserve credit outstanding (Wednesday series).....	24,514	24,201	24,093	23,898	2,265

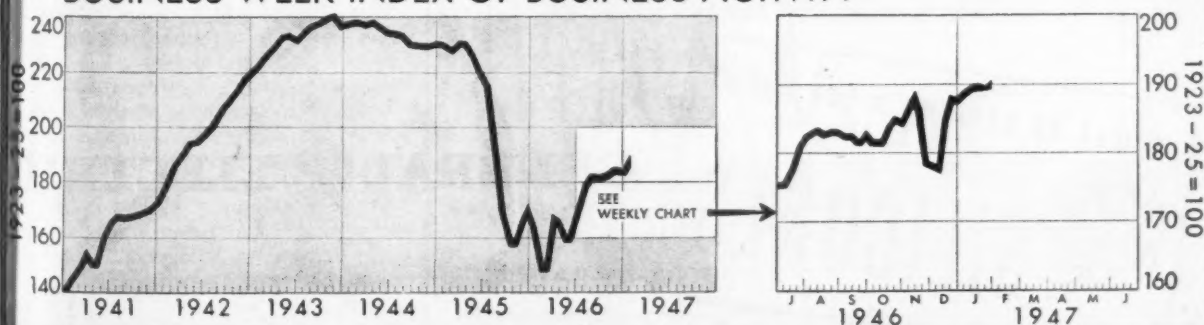
† Preliminary, week ended February 1st.

‡ Revised

§ Ceiling fixed by government.

|| Date for "Latest Week" on each series on request.

BUSINESS WEEK INDEX OF BUSINESS ACTIVITY



Our new plant CAN HELP YOU FLY HIGHER

Waterford, N. Y., is where we're building our new silicone plant. And one of the products which this new factory will manufacture is silicone oil, which may have some important applications in aircraft—particularly the high-flying, superstratospheric models.

This silicone oil, like other silicone derivatives, is characterized by an amazing resistance to extremes of heat and cold. So you can see how valuable it is for aircraft hydraulic systems, particularly in these times, when airplanes are reaching higher and higher into the frigid upper altitudes.

General Electric silicone oil will flow at temperatures as low as 120 below zero! At the other extreme, this remarkable oil won't ignite even at 575 degrees F—an important consideration as a

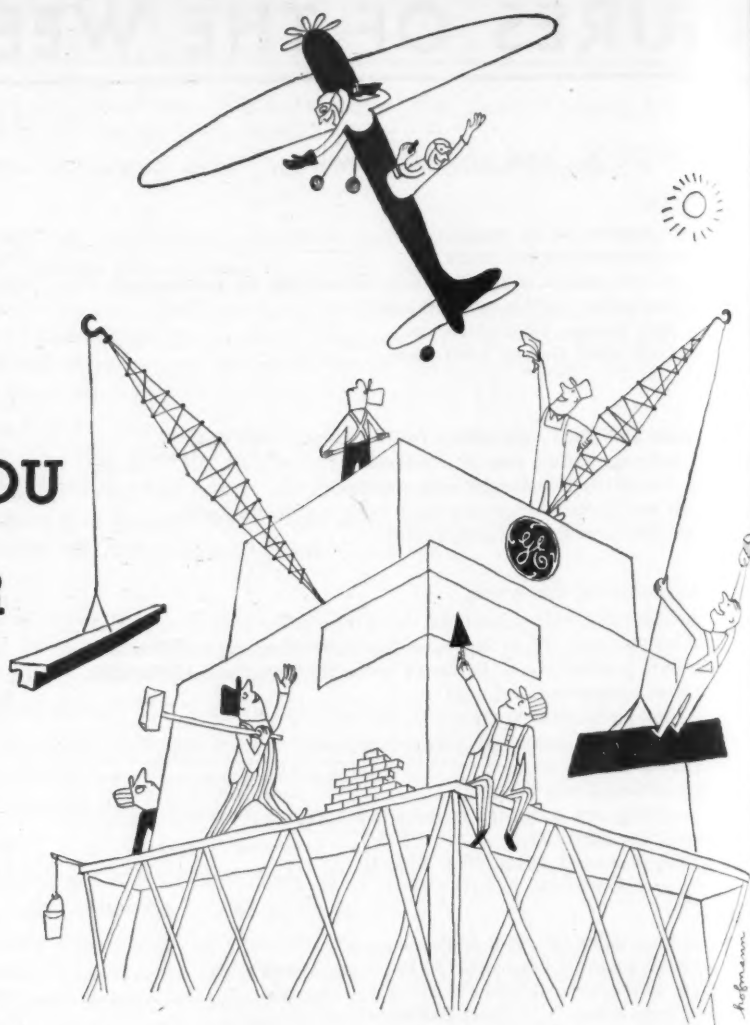
safety factor in aircraft applications.

Silicone oil is only one of the General Electric silicone products which the increased production facilities at Waterford will make more readily available. There is silicone rubber, too. It remains elastic and resilient under North Pole cold or Sahara heat. Silicone paints promise to set new standards of resistance both to weather and to deteriorating influences like mild acids, alkalies, hot grease, and fruit juices.

And don't forget G-E DRI-FILM.* An-

other result of General Electric's silicone research, this water-repellent material offers new possibilities in making such things as ceramics, plastics, paper, and textiles, water repellent.

So watch for "opening day" at our Waterford plant. It will be sometime this spring. And in the meantime, many manufacturers are thinking now about how they can use silicones to advantage. For more information, write Chemical Department, General Electric Company, Schenectady 5, N. Y.



YOU'LL BE HEARING A LOT ABOUT



SILICONES

GENERAL  ELECTRIC

CD17-51

*Reg. U. S. Pat. Off.

Wall St. Bets Against a Bust

Two-week surge pushes prices through old resistance level. But rally's duration depends on 1947 business prospects. Bulls discount economists' predictions of a slump.

The New York stock market traditionally is a contrary beast. The way it has been behaving recently is right in line with its reputation.

• **Background**—Last summer, when the general economic picture was looking rosier, the market suddenly went to pieces. The Dow-Jones average of 30 industrials hit a top of 212.50 at the end of May. By mid-September, it had spilled down to 165, a drop of about 25%. In one quick tumble, it wiped out 40% of all the gains scored in the four years of the wartime bull market.

Now, with economists insisting that 1947 will bring a shakedown in prices and production, the market has started flashing bull signals again.

• **Back and Forth**—From September until almost the end of January, stock prices were hemmed into a fairly narrow range (chart). The Dow-Jones industrials hit bottom at 163.12 on Oct. 9. After that, every time they tested the lows new buying came in and drove prices back up. And whenever the average got up into the neighborhood of 175, it touched off a shower of selling that started it back down again.

For the better part of five months, the market bounced back and forth between the floor and the ceiling. It almost broke loose in December, but faltered at the last minute. It tried again early in January, then took a sharp little spill to 171.95.

• **Breakthrough at Last**—Last week, it started another upward rush. And this time it broke the old ceilings. By Wednesday of this week, it had punched its way triumphantly up to 182.52.

Wall Street—always bullish at heart—is making much of the breakthrough. The fact that prices probably were due to sag again within a couple of days was no damper on the fun. After such a quick run-up, some sort of technical reaction is almost inevitable; a dip of three or four points at this stage of the game wouldn't dismay anyone.

Traders happily point out that the rails—the weak sisters in last summer's market—are acting better now. If the industrials keep going, they probably will drag the rails along with them, at least for a while.

• **Steady Upward Trend?**—There are plenty of traders who now predict that

the market is ready to resume a long-term upward march that last summer's break interrupted. They think that in coming months the industrials will push back up to the 200 mark, and then go on into territory that the market has explored only once before in its history—during the Big Bull Market of 1929 (BW—Apr. 13 '46, p. 15).

A lot of this is pure wishful thinking. Even the most devout chart readers admit that the mere penetration of the ceiling is a slender peg to hold such a basketful of hopes. But aside from the technical points, Wall Street has a number of things to make it feel better about the outlook.

• **Better Than Hoped For**—The 1946 earnings reports are beginning to come in. Most of them are considerably better than traders expected (BW—Feb. 1 '47, p. 15). Wall Street now feels that it wasted too much time weeping over the effects that labor trouble and government controls would have on corporate incomes. Most companies did terrifically good business in the last quarter of the year. Many others managed to make a handsome profit—showing in

spite of their troubles. All in all, 1946 was the biggest year in history for corporate earnings.

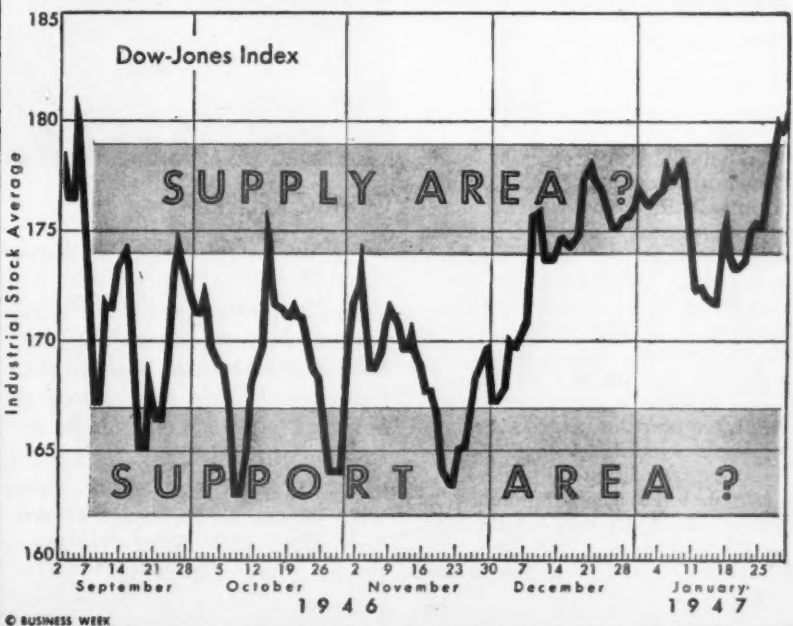
The gradual brightening of the labor picture is another thing that means a lot to the stock market. The Federal Reserve Board's decision to cut margin requirements from 100% to 75% was a psychological boost. So was the Republican victory in the November election, although the effects didn't show up right away.

• **The Uncertain Future**—Everything considered, Wall Street has ample reason for staging a short-term rally now. But a real bull market is something else again. If the economists who predict an economic spill this year are right, then the bulls almost certainly are headed for trouble. And if the bulls are right, the economists had better buy new crystal balls.

Stocks can—and often do—go down stubbornly when everything else is going up. But they don't go up when everything else is going down. Consequently, if the country takes an economic spill in 1947, stock prices will hit the skids again.

Like a number of other symptoms (for example, the steady accumulation of inventories), the bull signals from Wall Street suggest that the country is giving lip service to the economists without really paying any attention to what they say. Talk about the coming business decline has come to be like a singing commercial; everybody knows it

STOCK MARKET BREAKS THROUGH



by heart, so nobody listens to it any more.

• **Similarity to 1919**—The parallel between the present situation and experience after the first World War is too striking to be ignored. Stock prices kept on booming for eleven months after the November, 1918, Armistice (page 9). They topped off in October-November, 1919, then slid down for eight months while commodity prices and production kept roaring along. The postwar business boom finally came unglued in June, 1920. And stocks kept on tumbling for another year before they finally hit bottom.

Stern Bows Out

Long-time New Dealer ends labor dispute by selling his newspaper and radio properties to the Philadelphia Bulletin.

When a "misguided liberal" seems to have his come-uppance, there is always a ready chorus of "I told you so."

The chorus was in full voice last week end as J. David Stern, a New Dealer from way back, announced the sale of his newspaper-radio properties to the prosperous Philadelphia Evening Bulletin. They are the Philadelphia Record, the Camden (N. J.) Evening Courier and Morning Post, and Record-owned WCAU. Publication of the three papers was suspended.

Stern put the blame for the sale on a three-month strike against his papers that was carried on by the American Newspaper Guild—the very union which in 1934 had obtained from Stern its first real major contract.

• **The Real Story?**—Obviously the long strike deadlock dictated the timing. But advertisers, publishers, and, in Philadelphia, nearly everyone wondered: Were there other motives behind the deal? Some of the speculation that seemed most persuasive went along these lines:

• **The Bulletin** (largest evening paper in America) has wanted a Sunday edition for years. If the barriers were newsprint and features, the Record purchase made it easy for the Bulletin to surmount them. This reasoning was bolstered by the Bulletin's decision to start publishing a Sunday paper immediately (first edition, Feb. 9; name, Sunday Bulletin). It will have the Record's syndicated features; the trade assumed it had taken over the Record's contracts for scarce newsprint.

• **The Sunday edition** puts the Bulletin in more direct competition with the morning and Sunday Inquirer, the city's second largest paper. (Only other competitor now is the afternoon tabloid

Daily News, with far less than half the Bulletin's circulation.)

• **WCAU** is a choice property, regarded as Philadelphia's first-ranking station, and a logical running mate for the largest newspaper.

• **The Record** is supposed to have been a drain on the profits of other Stern enterprises; it has been rumored for years that Stern would sell it. So it would be logical for the Bulletin, having absorbed its Sunday edition, to let the Record die as a daily. The Bulletin probably could sell the Jersey newspapers without much difficulty. (It announced that all the papers are for sale, but reported no immediate satisfactory offers.)

• **This would leave** the Bulletin with the Record's valuable newsprint and features, and with profitable WCAU. The cost, of course, would be the difference between what it might receive for the Camden papers and what it paid for the whole Stern package. Guesses of that price have run from \$12 million to \$20 million. What it really was is hard to tell.

• **Financing a la Stern**—One of the few glimpses of the finances of Stern's little



COMIC RELIEF

An 18-day news blackout in Kansas City (Mo.) ended this week as striking A.F.L. printing pressmen returned to their jobs at the *Star* and the *Times*. But there had been no blackout of the funnies. Mindlin's store seized the opportunity to do a community service—and attract customers. It posted comic strips, clipped from out-of-town papers, in its display windows daily, along with life-size replicas of favorite comic characters.

empire became public last year when the Record petitioned the Federal Communications Commission for permission to buy WCAU (BW-May 18 '46, p. 82). The FCC learned that:

• The Courier-Post Co. owned 91% of the Record, and
• Stern owned 67% of the Courier-Post.

Purchase of WCAU involved about \$6,000,000. Meantime, the Stern empire owed the Society for Savings in the City of Cleveland approximately \$2,482,000. The Stern interests told the FCC they proposed to handle the financial situation as follows:

Bonds totaling \$5,500,000 were to be issued to the Jefferson Life Insurance Co. and the Pilot Life Insurance Co.; a short-term loan of \$8,000,000 was to be negotiated from the Philadelphia National Bank. These borrowings thus would produce about \$13,500,000.

With that amount, Stern would pay off the Cleveland Society its \$2,482,000; then he would plunk down \$5,500,000 plus \$500,000 of Record funds for WCAU, remainder: \$5,500,000. But since WCAU had something like \$3,785,000 in quick assets, over-all cash holdings would rise to about \$9,285,000. Then the Philadelphia bank would be paid off its \$8,000,000, leaving between \$1,200,000 and \$1,300,000 in the till.

Only the two insurance companies, holding \$5,500,000 worth of bonds, would remain in the picture.

• **Fate of WCAU**—The FCC approved the purchase of WCAU, and Stern got one of radio's best and oldest properties.

What will happen to it now? Best guess is that the Bulletin will keep it. In that case, it will dispose of its own WPEN, a smaller, 5,000-watt station, because the FCC frowns on dual station ownership. The mighty 50,000-watt WCAU, affiliated with the Columbia Broadcasting System, will be retained to spread far and wide the gospel of the Bulletin, and—of course—rake in its usual ample profits.

Stern himself temporarily remains as president of WCAU—its transfer to the Bulletin can't be effective until FCC approves.

• **Publishing Future**—But what about Stern's future in the newspaper business? He answered one questioner this week by quoting an A. A. Milne stanza:

"There was an old sailor my grandfather knew
Who had so many things which he wanted to do
That whenever he thought it was time to begin
He couldn't, because of the state he was in."

All Stern would add was that the state he was in demanded some repairs to his teeth and a change of glasses.

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actly in the middle, Judge Frank A. Picard conducts a chamber session with opposing attorneys, Edward Lamb (seated, left), representing the Mt. Clemens Pottery workers, and Frank E. Cooper (seated, right), the management. Interested "friends" standing are (left to right) Frank Donner and Nicholas Rothe, representing C.I.O.; Lowell Goerh, Lamb's assistant; John F. Sonnett, assistant U. S. Attorney General; Charles Corben, Dept. of Justice attorney.

Drama of the Stop Watches

How big is a trifle, how long is a minute? These questions liven famous portal-to-portal wage trial at Detroit. Attorneys lock the witnesses when not dodging barbs from the bench.

Businessmen were hurrying anxiously through the pages of their newspapers this week looking for the story of a courtroom drama. It is a dull story by the standards of the murder-trial addict. It is a story that may become largely meaningless even before its final chapter is written. As everybody who is interested knows, congressmen, whose votes are often nullified by judges, have laid plans to reverse the judge in this case (page 86).

The Issue—The case was the historic one of the Mt. Clemens (Mich.) Pottery Co. The courtroom was that of Judge Frank A. Picard (cover), U. S. District Court, Detroit. The issue was whether all industry, or some industries, must pay for all or some of the time spent by workers in traveling between a plant's portal and their jobs, in preparing for work, in cleaning up after work.

The judge had long ago ruled that Mt. Clemens Pottery employees had honey coming to them for such use of their time. The Supreme Court of the United States had sided with him against a circuit court reversal. Labor unions all over the country had raised a howl of glee and—in earnest or for bar-

gaining purposes—had filed legal claims for immense sums in retroactive "portal-to-portal pay."

• **The Case Grew Up**—Judge Picard, under Supreme Court instructions to determine payments due to 1,200 pottery workers because of his original ruling, to decide what "travel time" should be counted and what could be considered negligible in the eyes of the law, saw his little case leading to a nationwide precedent. They were asking him for the answer to what had become a five-billion-dollar question.

And even some congressmen thought his answer might stick so far as it applied to claims already filed; that a law now could only blunt future threats.

• **No Concessions**—As the case opened on Monday, it was obvious that the answer was going to be no easy one. Attorneys on all sides—and there was apparently an employees' side, a company side, a C.I.O. side, a U. S. government side, and a National Assn. of Manufacturers' side—were declining to concede anything.

Witnesses testifying to the number of nonworking minutes that employees were required to spend on company

premises found themselves confronted by lawyers armed with stopwatches. They were called upon to take what the courtroom audience was soon calling "the test"—to guess how much elapsed time made a minute.

• **Tempus Fugit**—Some refused and were sustained by the judge, who complained of "horseplay." One wished she had when she was clocked as calling ten seconds a minute. Another, who claimed that it took her five minutes to walk 700 feet, set Picard off on a computation from which he emerged with the statement that her rate was 1.59 miles an hour—proof that the legal mind is also mathematical.

J. R. Doll, assistant manager at Mt. Clemens and son of the company's president, Charles E. Doll, raised the level of this comedy of attorneys challenging witnesses to walking matches when he observed that the average worker seemed to walk more rapidly away from his work than toward it.

• **The Attorneys**—More than a hundred spectators guessed minutes with witnesses, laughed at the challenges, listened to Judge Picard's quips and his eventual sharp assertion that he was "not going to make an exhibit of this courtroom," awaited the barrage of legal argument that they expected to follow this curtain-raiser.

An imposing cast of attorneys stood ready to fire—and got off some shots at the start.

• **For the Government**—John F. Sonnett, from the Attorney General's office

at Washington, reflected the government's concern over tax rebates available to companies penalized by retroactive portal judgments. He appeared first as a "friend of the court." Later the government sought to make itself a party to the case, thus getting into a position to appeal an unwelcome decision.

Sonnett's opening move was an attempt to obtain a dismissal of the entire proceeding under the de minimis concept. He thus harked back to Justice Frank Murphy's words in the Supreme Court's majority decision that travel time might be found sufficiently negligible to be disregarded under the concept that some things are too trifling for the law to bother with. Sonnett, veteran of the injunction proceedings against John L. Lewis, was referred to by opposing counsel at Detroit, as "a plumed knight on a vendetta."

• **For the C.I.O.**—Frank Donner, C.I.O.'s assistant general counsel, also on hand as a friend of the court—from the other camp—began by drawing the wrath of the bench. In a high-pitched, somewhat uncertain voice, he referred to the original Picard opinion as the "portal-pay ruling." The judge, who insists that the portal-pay idea is the Supreme Court's not his, that he had never opened that Pandora's box, accused Donner of never having read the original decision.

• **For N.A.M.**—Harvey M. Crow, another "friend" in the amicus curiae list, appeared for the National Assn. of Manufacturers and spoke for its industrial members' stake in this strange proceeding. By questioning, Judge Picard wormed from him the statement that the segments of employees' time that he did not want counted as meriting payment might amount to \$75 a year. "Is \$75 de minimis to you?" asked Picard. And when Crow replied, "No, I don't think so," Picard added, "I'd like that in the record."

• **For the Company**—Frank E. Cooper and Bert V. Nunnally, the pottery company's attorneys, formed an interesting contrast. Cooper, mild-mannered with faultless courtroom manners, seemed distressed by Picard's quips. Nunnally apparently enjoyed them. He told the judge he needed a translation of "de minimis," because "Latin stuff" was too heavy for him, and drew the retort that, "I'll bet you go over big with these country juries."

• **For the Workers**—Edward Lamb, the pottery workers' original attorney—the hero as labor looks at the Detroit case—spoke for the most part in a halting, quavering voice. He became aggressive only once. That was when he charged that the government's appearance in the case was the exclusive idea of Attorney General Tom C. Clark and that the Wage & Hour Administrator, L. Metcalfe Walling, had opposed it. "Why



It's just a door at the Mt. Clemens pottery, but in the portal-to-portal litigation it's The Portal.

hasn't the government attorney a client?" he demanded.

• **Realities—Where?**—In remanding the portal case to Judge Picard's court, the Nine Old Men at Washington warned that any decision must be based on "the realities of the industrial world." Businessmen, reading of such realities as stop watches at the opening session, watched anxiously for the use of more weighty weapons in Detroit, soberly studied the realities of the political world in which Congress moves and votes.

Prefab Makers Sign Government Deals

The hush that has fallen over the government housing program was broken last week. Two companies made deals with the government and, in so doing, made news. Both companies plan to produce prefabricated houses.

• **Wingfoot House**—In Washington Park, a suburb of East St. Louis, Ill., Wingfoot Homes, Inc., leased the Walworth Valve plant for two years to manufacture a new \$2,500 prefab. The lease from War Assets Administration (\$79,000 a year in rent) includes an option to buy.

Wingfoot's house comes in a package 8x9x26 ft. It provides two bedrooms, a large room combining living, dining, and kitchen facilities, and a bathroom. Beds for four, chests of drawers, mirrors, dressers, and a vanity are built in. A cooking range, necessary plumbing, and an ice refrigerator will complete the home.

The company, a subsidiary of Goodyear Tire & Rubber Co., will employ 1,100 to make the new type house. Production is expected to reach 7,000 units annually, will begin in March.

• **Lustron Again**—Lustron Corp., other prefab builder, reappeared in news (BW—Feb. 14, p16). The company (1) obtained approval for a \$500,000 loan from the Reconstruction Finance Corp.; (2) leased 1,000,000 sq. ft. in the war-surplus Curtiss-Wright plant at Columbus, Ohio; and learned that RFC would approve a guaranteed-market contract for 15,000 prefabs in 1947.

The Esquire, as Lustron's house is called, will retail for about \$4,200 f.o.b., Columbus. The 32x36 structure includes a living room, kitchen-dining room, two bedrooms, bathroom, and porch. Water heaters, bathroom fixtures, and kitchen cabinets are provided. Production, also starting in March, is aimed at 15,000 units this year, 30,000 in 1948.

KAISER MEETS A SHORTAGE

Henry J. Kaiser is quietly building a soda ash plant near Owens Lake, Calif. He hopes it will lick the shortage of the basic chemical for his Baton Rouge (La.) alumina plant. Soda ash is a raw material not only for aluminum producers, but for the glass, soap, paper and textile industries as well (BW—Oct. 12, p32).

Started last November, the plant will produce soda ash from brine taken from the alkaline lake on a 20-year contract with the State of California. Construction has been on a 14-hour day, seven-day-week basis. Production is scheduled to start in April.

Ultimate capacity of the new soda ash plant is said to be 100,000 tons annually. This is more than enough to handle Kaiser's alumina requirements. But present plans make no provision for a sales force to handle the surplus. This would indicate an intention to stockpile reserves at least until the present soda ash crisis is over.

Because bauxite now being processed at Baton Rouge varies in grade, exact soda ash requirements there cannot be determined. (Poorer grades of bauxite require more soda ash in making alumina.) On the average, nearly one ton of soda ash is needed for each ten tons of alumina produced.

Now that government supplies of aluminum ingot are running low, Kaiser would like to get the sixth potline in his Mead (Wash.) reduction plant in operation. Moreover, he expects to be ready to put his Tacoma plant, recently acquired, into operation about April. Addition of the soda ash plant will make both of these ingot increases possible.

Car Shortage Plagues Shippers

Railroads, expecting a record peacetime year, have 100,000 fewer freights than at start of '46. Steel shortage is the bottleneck; builders can't dent new-equipment orders.

More trouble is brewing for railroads and shippers. The demand for transportation is shooting up again. Car builders can't lay hands on enough steel to dent in the orders for new equipment. As a result, the railroads are going what probably will be a record time year with some 25,000 fewer freight cars than they had at the beginning of 1946.

Carloadings ordinarily start the year at a fairly low level and build up to a peak in the spring. They usually slack a bit in the summer, then reach another and higher peak in the fall.

Worse and Worse—Last year, the shipping peak wasn't bad. Shippers felt the first real pinch of the car shortage in the early summer (BW—Aug. 24 '46, p. 17). After that, the squeeze got more and more painful until the end of October (BW—Oct. 12 '46, p. 17). In the week ended Oct. 26, carloadings hit 257, the highest since 1930 (when the roads had more cars and loaded them lighter). During October and early November, the Office of Defense Transportation estimated that carloadings were falling about 100,000 a week short of meeting demands.

Once they had struggled over the summer, the roads didn't get their usual breathing spell. Carloadings stayed high through November and December. Part of the demand came from shippers who had been forced to hold up freight because the shortage was at its worst. But most of it was a natural byproduct of the roaring boom in industry and trade. Since the turn of the year, loadings have been running better than 820,000 a week—which is ominously high for this season.

Winter Hurts—Cars move more slowly in the winter—mainly because of the weather. Even though the strain now is less than last fall, the roads still are not able to move all the freight shippers are piling up. Latest reports show an average daily car shortage of about 20,000.

In some spots, shippers already are running into serious trouble. The New York Central, for instance, has just announced that it will have to hold up loadings in the important Buffalo area for a few days. Ordinarily it provides about 500 boxcars a day for shippers in the district. Buffalo feed and flour mills, which have been feeling a pinch for some time—will be particularly hard hit.

Looking Ahead—The railroads are less worried about the present than about

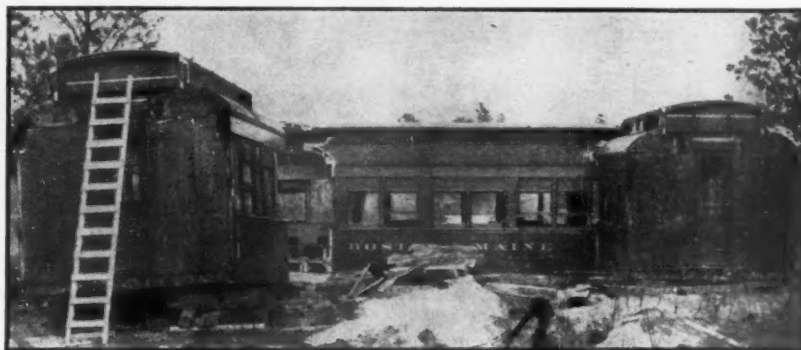
the future, however. With traffic now running close to the limit, they have no slack to take care of the regular seasonal increases that lie ahead. Unless the demand for cars falls off or the equipment situation eases up in a hurry, railroad men foresee a shortage in 1947 that will make last fall's transportation crisis look like small potatoes.

The regional shippers' advisory boards of the Assn. of American Railroads predict that car requirements in the first quarter of this year will run 8.8% over 1946. If the regional boards are right—and they have a reputation for hair-line accuracy in their predictions—the average weekly demand for boxcars

during the first three months of the year will run around 380,650. This would be only 0.3% under the average weekly boxcar loadings during the 22-week peak loading period of 1946. And the first quarter is supposedly the slack season.

• Grain Piles Up—The railroads are still wrestling with the job of moving last year's tremendous grain crops from the elevators to the markets or to the ports. As things look, they still will be working on last year's grain when the 1947 crops begin to come in.

The government hasn't helped matters in scheduling its shipments of export grain for foreign relief. Plans originally called for the export of some 400,000,000 bu., to be delivered to the ports by June. While the roads were wondering whether or not they could swing it on that basis, the government moved the deadline ahead to Mar. 31. What the Dept. of Agriculture will want to move to export position between Mar. 31 and June 30 has not been announced,



END OF THE LINE REJUVENATION

Old railroad cars needn't die—or at least during a housing shortage. When Boston & Maine shunted 50 wooden coaches (vintage 1907) to the scrap heap, Jim Ross, chief car inspector, stepped up. With Joe Barbour, railroad mechanic, he drew plans for transforming the cars into houses, consulted with architects, went into business as James Ross Associates. Hand saws are used to cut the cars diagonally into thirds; the ends are placed to form a U (above). Siding, a new roof, and a portico complete the transformation (below). Inside there's a combination living-dining room, fully equipped kitchen, two bedrooms and a bath. The price (delivered) is quoted at \$5,000; what the promoters pay for the rolling stock is a "closely guarded secret."





BUT ALWAYS SUBJECT TO CHANGE

For the record and history, President Truman and his cabinet sat last week for their formal portrait—the first cabinet pose since August, 1945. They are (left to right): Secretary of Agriculture Clinton P. Anderson; Secretary of Labor Lewis B. Schwellenbach; Secretary of Commerce W. Averell Harriman; Secretary of Interior Julius A. Krug; Postmaster General Robert E. Hannegan;

Secretary of War Robert P. Patterson; Secretary of State George C. Marshall; President Truman; Secretary of Treasury John W. Snyder; Attorney General Tom C. Clark; Secretary of Navy James Forrestal. Only five of the members in the latest picture were of cabinet rank in the 1945 pose. Before that, the last cabinet picture was made during the Roosevelt Administration in December, 1945. The only face still in the cabinet room since then is that of the late President Woodrow Wilson—in oils over fireplace.

but the trade is sure it will be a sizable amount.

• **Using Old Equipment**—Meanwhile, the car supply situation has been getting rapidly worse instead of better. About 575,000 cars—out of a total ownership of 1,740,000—are over 25 years old. Many of them should have been on the scrap heap long ago.

During the war, the roads abandoned their usual scrapping policies and used anything that could be dragged along the tracks. Now, they have to weed out some of the ancient cripples no matter how badly they need cars. And they can't get new equipment fast enough to replace the cars they are scrapping, let alone to increase the total amount of rolling stock.

The roads put some 40,000 new cars in service during 1946. But they had to retire about 65,000 (with the annual rate of retirement rising to about 85,000 toward the end of the year). As a result they came out of the year with a drop in ownership of 25,000.

• **Lack of Steel**—Private car shops have a capacity of about 14,000 cars monthly. The railroad car shops could add another 2,000. But in the last quarter of 1946, total deliveries of new cars averaged about 2,500 a month.

The bottleneck is steel. The average freight car takes about 21.5 tons of steel, mostly rolled products. To turn out 10,000 cars a month—the minimum that the railroads say they need to get them over the hump in traffic—the carbuilders need a monthly steel allotment of about 179,000 tons of rolled products, plus wheels and castings. In 1946, they averaged 48,000.

• **Discrimination?**—The carbuilders have been putting pressure on steel producers, and J. Monroe Johnson, Director of the Office of Defense Transportation, has done some plain and fancy table-thumping. So far, the steel hasn't come through. The informal rationing system set up by the steel industry uses 1939-1941 consumption as a base. This was a period when comparatively few

new cars were made. Hence, the allotment to the car shops is small.

Some car builders also have dark suspicions that favored customers—such as the automotive industry—have been cutting in at the head of the line.

• **Prodding May Help**—The railroads and the car builders now are pinning their hopes—such as they are—to a plan announced this week by the special task committee set up by the steel industry to see what could be done at the car shops. The task committee, under government prodding, has promised enough steel for 7,000 cars a month. This would just keep the roads even with the game on car supply at the present rate of scrapping.

The roads also think that some good may come out of the congressional investigation that Sen. Clyde M. Reed is running. They don't think it takes an investigation to explain the car shortage, but they hope that if Congress raises enough dust, the results will show up in the steel allotment.

Textile Mills Start Manhunt

Management, seeking broad shoulders for the future, finds search for young executive talent disappointing. Right now, cotton firms are flourishing, but problems are foreseen.

Cotton textile manufacturers, concentrated in the Southeast, are starting a determined manhunt for new executives. The industry's top brass is aging; after the worries of wartime it is willing to shift future loads onto younger shoulders.

But—as an omen of what may happen in other industries—the textile people's search is running into difficulties. Biggest trouble is that most would-be management men have never operated in an intimate where falling prices and surpluses are possible. The available neophytes are mainly war babies whose sole experience in the marketplace has been wresting goods away from somebody else at any price. In sharp trading, few have had a real break-in.

What They Expect—Specifically, the cotton textile manufacturers want management men who can cope with such future problems as:

- (1) Increased competition from the durable goods industries.
- (2) Higher costs resulting from higher wages.
- (3) Smaller and smaller order backlogs.
- (4) Annoying competition from wartime textile leftovers.

More than one manufacturer, after interviewing a batch of management candidates, has come to the conclusion that the best timber is banking personnel. This type of executive presumably can read storm signals from the pages of a ledger. Also, he knows something about the management of money—and cotton manufacturers these days have sizable sums set aside for carrying out modernization programs.

Inventories Clear Up—Meanwhile—although the search for new management blood seemingly belies it—the cotton textile industry in the Southeast is still riding at a high, wide, and handsome rate.

For one thing, those much-advertised inventories of textiles that piled up last fall didn't break the back of the mills. When OPA ceilings were abolished, a flood of goods moved to market. To be sure, some finished textiles still are on hand—but in most cases the stuff belongs to customers who thus far haven't specified shipping dates.

More for Stockholders—And profits and dividends in the southeast cotton textile industry are excellent. Out of a sample of 50 mills, 24 last year increased disbursements to stockholders, while the others matched 1945 payments. A hypo-

thetical investor holding one share in each of the companies that raised dividends last year would have received \$135.95 in such disbursements; in 1945 he would have received \$95.

Prices of southeastern textile shares are equally buoyant in the local markets. Bids on the class A and class B

shares of the Brandon Corp., for example, show this pattern:

	"A" Stock	"B" Stock
Mar. 15, 1946.....	\$120	\$14
June 15, 1946.....	136	50
Jan. 8, 1947.....	140	127
Jan. 18, 1947.....	148	127
Feb. 3, 1947.....	149	131

• **Sales Outlook Good**—Some southern securities dealers are commenting that security prices "are as high as an angry cat's back." Nonetheless, mill owners have been able to produce some impressive data on the first half of 1947: Southern mills are fully sold up through the first quarter; many have sold all, or a large part, of their second-quarter production—at prices regarded as satisfactory.

Dye Rules Reflect New FTC Attitude

First results of the Federal Trade Commission's new program for industry-wide correction of "bad business habits" are now on display. They were made public this week in proposed trade practice rules for the household dye industry.

The rules are based on testimony at a conference which Commissioner Lowell B. Mason conducted in his private office last fall (BW—Nov. 30 '46, p. 55).

• **Descriptive Terms**—Significant of a change of mind by the commission, the proposed dye code permits qualification of advertising and labeling terms to make them accurate and truthful. Formerly no term which had to be qualified could be used. According to its critics FTC saw no intermediate shades—only black or white.

For instance, rules ban the use of such expressions as "all-purpose" and "all-fabric" as applied to dyes unless they do effectively dye to the represented color all fabrics used in clothing or home decoration.

But an exception would permit use of the terms when a product gives satisfactory results on all fabrics except those used in the home in only a limited way; glass fiber, for example. In such cases the FTC's proposed rule calls for labeling like this: "green all-fabric dye. Will not dye fabrics made of glass fiber."

• **Hard to Be Precise**—Apparently FTC has recognized that simple exactitude is practically impossible in telling the consumer what to expect from a product which is subject to so many variables.

FTC proposes that words like "fast," "fadeless," "sunfast," and "wash-fast" be permitted if qualified to make them accurate—such as "fast to perspiration," or "fast to hand wash in lukewarm water."



GLASSY LASSIES

In press agentry, a pretty girl is like a melody; so Julius Kayser & Co. gathered together a showgirl bevy for its recent "Glass Pants" party. The celebration: opening of Glass House, Kayser's remodeled Manhattan Showrooms. Its sales cubicles are partitioned with Libbey-Owens-Ford Co.'s Flutex. Guests drank from cocktail glasses blown in the shape of pants, ogled models like Wynne Stanley (above) displaying "unmentionables" made of glass fibers. For the trade, of course, Kayser makes lingerie of less glamorous materials.

Postage Hike?

Post Office Dept., operating in red, expected to ask Congress for rate increases in parcel post, second and third class mail.

Within the next ten days the Post Office Dept. is scheduled to ask Congress for important rate changes to produce more revenue. Its proposals are sure to set off another of those historic debates over postal bookkeeping methods.

Congress has already been warned that the department's books on the current fiscal year ending June 30, 1947, will show a \$300,000,000 deficit. While the service has traditionally lost money (it has been in the red 112 times in 120 years) this figure looms as the greatest in history. Indications are that next year it will swell to \$352,000,000.

• **Revenue Needed**—The department's antidote is higher charges on most services other than first class and air mail. Particularly, the department wants more revenue from parcel post, direct mail advertising matter, and magazines and newspapers.

For several years, the department has argued that these services are not paying their own way. Commercial mail users rejoin that the deficits charged to the various services result from arbitrary bookkeeping which fails to comply with sound principles of rate making.

• **Pro and Con**—Since both sides can marshal an impressive number of experts, the Senate's Civil Service & Post Office Committee will make its own studies before passing on departmental recommendations. On the House side some committee members feel Congress should order a painstaking study by disinterested management experts before tampering with the rate structure.

Special studies in the past didn't settle much.

• **Complicated Rate Structure**—Post Office rate makers base their calculations on a "cost ascertainment" system adopted by congressional mandate in 1924. It supplies a mathematical formula to determine each service's pro-rata share of the department's general operating expense.

Businessmen object to this type of cost analysis for rate making purposes. They feel that the costs assigned various services should take into consideration such elements as intrinsic and economic value. They add that rate making should consider the "revenue generating" possibilities of advertising material, as it influences the volume of first class correspondence.

• **Department's Argument**—Post Office rate makers say pro-rata apportionment

is the only fair way of allotting expense. They feel there is no justification for covering a deficit from one class of mail by "profits" from another class.

This theory actually has no statutory support. Except for parcel post, Congress has never required that a class of service pay its own way. And Congress has never defined the procedure for determining whether parcel post is meeting expenses.

• **Second Class Privileges**—When the department talks deficit, it turns first to magazines and newspapers, which enjoy special rates under the Act of Mar. 3, 1879, "to encourage the dissemination of information." These second class rates are charged with a sizable part of the department's deficit.

During fiscal 1946, publishers sent 5,500,000,000 pieces of mail—about a seventh of the department's volume—at the low rate. The Post Office figured it lost \$137,700,000 in handling this matter; it computed its over-all operating deficit at \$148,000,000.

The second class controversy is complicated by political considerations. To help small newspapers, Congress has provided for free in-county distribution.

Moreover, postal officials look longingly at the national magazines (box).
• **Publisher's Side**—Publishers feel the second class "deficit" is a case where the "cost ascertainment" system distorts reality. With or without second class they say, the department's expense would go on. They feel the service should be charged only with the cost directly attributable to it—that is the amount that would not be expended if the service were not rendered.

They refer to the law of diminishing returns. When higher second class rates were tested in 1933, they yielded \$1,000,000 less revenue. With old rates restored revenue increased 11%.

Already, publishers say, two-thirds of the nation's national magazines are distributed outside the postal system. If rates go up, there will be a tendency to use competing distribution agencies.

• **Diminishing Returns**—Often the Post Office itself has recognized the existence of this law of diminishing returns.

Currently the department is attempting to build air-mail volume by promoting a low rate. In three months of 5¢ air mail, the volume has increased 67%. It is still climbing.

15 Magazines Dominate Second Class Mail

Nearly 25,000 publications enjoy special second class postage rates, but 15 magazine "giants" provide about a third of the volume.

That is the gist of a report issued this week by James E. Murray, retiring chairman of the Senate Small Business Committee. It was based on a special compilation by the Post Office Dept.

The 15 publications provided 36.6% of pound-rate second class matter during the three months ended June 30, 1946, and 30.5% of

the revenue, Sen. Murray reported. The Post Office estimates that magazines are carried at a 75% loss. So Sen. Murray figured it cost the government \$30 million to serve these magazines.

Sen. Murray called for an "extended study" to revise second class rates to provide more revenue "from those who have grown the most as the result of its benefits."

Sen. Murray's list of magazine giants (figures for three months ended June 30, 1946):

	Pounds, Zone Rates	% of Total at Pound Rates	Postage Paid at 2nd Class Rates	% of Total
Total all 2nd class at lb. rates.....	337,099,717	100.00%	\$8,154,431	100.00%
Total, 15 magazines	123,889,752	36.64	2,496,291	30.51
Crowell-Collier Pub. Co.				
Collier's	12,929,258	3.84	251,007	3.08
American magazine	2,735,782	.81	57,930	.71
Woman's Home Companion.....	4,563,334	1.35	78,644	.96
Curtis Publishing Co.				
Saturday Evening Post.....	22,989,179	6.82	393,010	4.82
Ladies' Home Journal.....	9,462,127	2.80	161,400	1.98
Hearst Magazines, Inc.				
Cosmopolitan	2,962,576	.88	58,395	.72
Good Housekeeping	4,838,858	1.44	89,036	1.09
McCall Corp.				
Redbook	1,750,288	.52	36,295	.45
McCall's	4,390,885	1.30	83,425	1.02
Time, Inc.				
Time	6,829,569	2.03	149,049	1.83
Life	35,099,215	10.41	854,590	10.48
American Home	2,831,837	.84	55,555	.68
Liberty	3,986,143	1.18	83,526	1.02
Look	2,372,509	.70	52,198	.64
Reader's Digest	6,148,192	1.82	92,223	1.13



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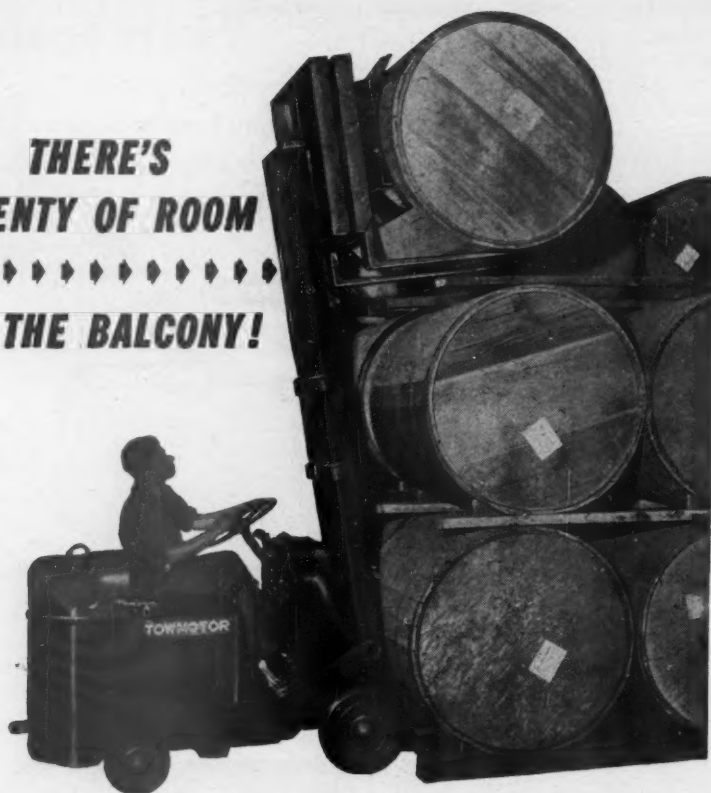
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Victory for Oleo

Pennsylvania high court upsets margarine tax. Decision is likely to be widely quoted in Butter vs. Oleo warfare.

The margarine industry is jubilant over a new decision last week in the running warfare between the dairy industry and oleo producers: License fees on wholesalers and retailers selling margarine were declared invalid by the Pennsylvania Supreme Court. The ruling is easily the most important so far in the margarine industry's fight to upset restrictive regulations.

Chief Justice George W. Maxey found that the margarine fees are unreasonable, confiscatory, and discriminatory and constitute an illegal trade restraint. Furthermore, he declared that the law, which dates back to 1901, was contrary to the constitutions of both Pennsylvania and the United States. The latter point gives the margarine industry a weapon to use in other states with antimargarine laws (credited to dairy industry lobbies).

• **Upholds Lower Court**—The high court sustained a decision the Dauphin County Court rendered a month ago. Three retail grocers and a wholesaler had brought the suit to force the state secretary of agriculture to remove the state license fees of \$500 a year on wholesalers of margarine and \$100 a year on retailers.

Since this suit made no mention of the state's license fees for restaurants and boardinghouses serving margarine (\$50 and \$10), these regulations still stand. Similarly unaffected are regulations on wrapping and marking margarine and the prohibition of the sale of colored margarine.

• **The Arguments**—The plaintiffs were represented by Willis F. Daniels, former deputy attorney general. He argued that margarine is now generally accepted as a healthful food and does not masquerade as butter. To prove that the fees were exorbitant, he asserted that a retailer must sell 3,300 lb. of margarine before he could make a profit.

What really strengthened his case were figures showing that the fees collected by the state over a 15-year period were far out of line with the cost of enforcing the act. In the 1945-1946 period the state took in \$533,000 on margarine, spent only \$144,000 in policing the regulations of this law and of 36 other food and agricultural statutes.

• **Court's Reasoning**—In its appeal the state contended that the act levied a tax rather than a license fee. But the court answered the argument by saying:

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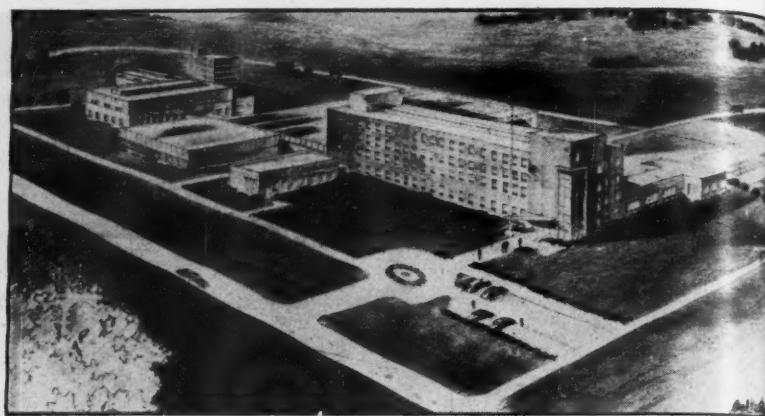
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CHARTING A COURSE FOR ATOMIC ACTION

The Knolls Atomic Power Laboratory is one of several new plants through which the U. S. Atomic Energy Commission will carry out the program inherited from the Army's Manhattan District (BW—Feb. 1'47, p5). When completed, the Schenectady (N. Y.) plant will be operated by General Electric Co. Important in the program will be production of electric power from nuclear fuels—with General Electric and Monsanto Chemical Co. the prime contractors. Other organizations are participating. Also on the slate are production of fissionable materials and of radioactive isotopes, and broad research programs for the study of health and of biology.

(1) The title of the law called it an act to provide for license fees, and (2) Pennsylvania law upholds the principle that a revenue tax cannot be disguised as a police regulation.

The Supreme Court decision opens the way for a refund of about \$2,000,000 collected from dealers in the past five years. The State Board of Finance & Revenue has ruled that dealers are eligible, if refunds are claimed within five years of the date on which the fees were paid.

• **The Broad Fight**—The Pennsylvania ruling will undoubtedly be quoted in the continuing struggle of margarine interests against restrictive legislation. No progress has been made yet against federal taxes and license fees.

State regulations are still onerous and numerous. Eight states impose excise taxes ranging from 5¢ to 15¢ a lb.; nine levy manufacturers' license fees; 13 have wholesalers' fees; eleven have retailers' license fees; 23 prohibit the sale of colored margarine; 34 restrict the use of margarine in hotels, restaurants, bakeries, confectioneries, and boarding-houses.

EXTRA-FARE PLANES

General inauguration by the airlines of extra fares on new and faster equipment is now a definite prospect. United Air Lines has announced that it expects to charge 1¢ a mi. over its 4½¢ basic rate for travel on Douglas DC-6s. The new equipment will be put into service

in the spring. TWA is already charging an extra fare for travel in its Constellation. American Airlines, which precipitated the 1945 fare cut, hasn't yet tipped its hand.

United's extra fare still has to be approved by the Civil Aeronautics Board. But no objection is expected from the board, since it has already O.K.'d TWA's extra fare. In addition many airline and CAB officials feel that the present fare level is depressed. Therefore they look with favor on the means of bolstering revenues.

On transcontinental travel, United's extra fare will add \$25.80 (New York to San Francisco). TWA's extra for this trip is an even \$25.

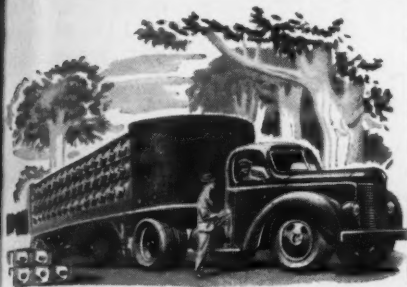
CAN COMPANIES FINED

A criminal antitrust case against the American Can Co. and Continental Can Co. has been disposed of. The two companies and seven officials were fined \$5,000 each by the U. S. District Court at San Francisco.

The defendants had pleaded not guilty to an indictment returned last summer (BW—Jul. 13'46, p26). They were charged with price fixing through joint agreement, coercion of competitors, and equalization of freight charges.

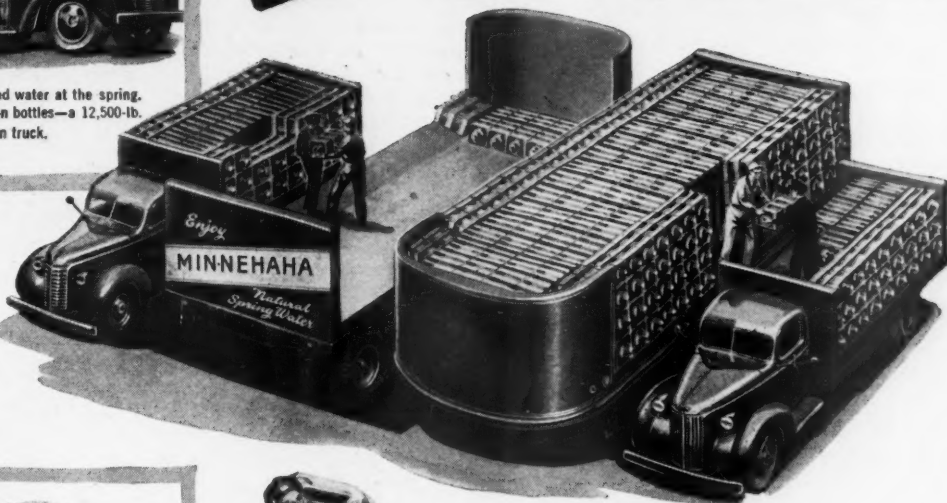
The indictment also charged the two companies with setting up mutually exclusive markets. The government accused them of dividing sales territories and allocating certain production between themselves.

Loading Docks ON WHEELS...

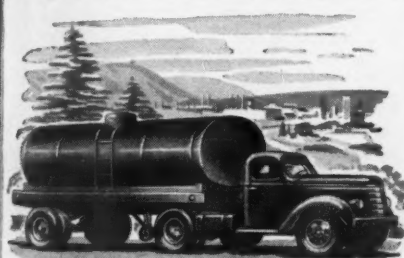


A Fruehauf is loaded with bottled water at the spring. The Trailer carries 237 five-gallon bottles—a 12,500-lb. load—yet it's pulled by a 2½-ton truck.

The Trailer is "spotted" as a loading dock at the plant. From it bottles are transferred to city delivery trucks. Second Trailer stands by to receive empties.



Truck and driver return to the spring with a load of empty bottles. (Minnehaha's first Fruehauf, installed in 1925, has outlived 4 trucks and is still in service!)



In addition to handling bottled water, the same truck pulls a Tank-Trailer carrying spring water into the plant for use in bottling carbonated beverages. Thus, the one truck actually handles 5 Trailers.

Government studies prove that commercial vehicle operators pay more than their full share each year for road building and maintenance. And, in 1940 (last normal year before the war) highway users paid \$755,613,000 in taxes to the general support of the government, excluding income, excess profits and social security.



FRUEHAUF TRAILERS *Cut Handling Costs for MINNEHAHA!*

AT THE Minnehaha Water Company's new plant in Cleveland, Fruehauf Trailers literally operate as "rubber-tired loading docks." Here the "shuttle" system, with Fruehaufs, is used to fullest advantage—one truck handles four Trailers!

It works this way: A Fruehauf Trailer brings bottled water to the plant from a woodland spring 17 miles away. The driver uncouples the Trailer, leaves it standing for unloading onto city delivery trucks. A second Fruehauf receives the empty demijohns as they are returned from city routes. Meanwhile, the driver returns to the spring with a load of empties, and picks up another loaded Trailer for return to Cleveland. The process is then repeated to keep the supply flowing.

Ordinary loading docks are eliminated. Two Fruehaufs are always left standing at the city station for loading and unloading . . . one is at the spring . . . and the driver is en route with the other.

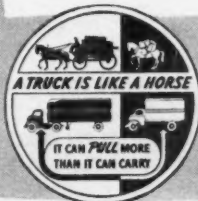
Minnehaha officials have found that by using Trailers their truck not only hauls bigger loads, but need never stand idle! Fuel and maintenance costs are reduced. Fewer trips are needed. Double handling is eliminated!

In practically any inter-plant hauling, the "shuttle" system with Fruehaufs saves time, speeds deliveries and reduces operating costs. Ask the Fruehauf man in your vicinity to give you the facts.

World's Largest Builders of Truck-Trailers

FRUEHAUF TRAILER COMPANY • DETROIT 32

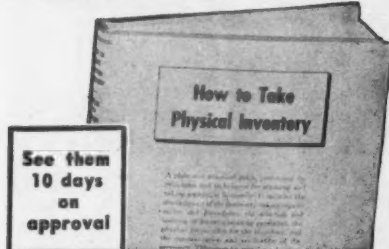
9 Factories—65 Factory Service Branches



FRUEHAUF Trailers

"Engineered Transportation"

Check over these four important business aids



1. HOW TO TAKE PHYSICAL INVENTORY

By **RICHARD F. NEUSCHEL**, Formerly General Procedures Supervisor, and **HARRY T. JOHNSON**, Chief Auditor, Sperry Gyroscope Company, Inc. McGraw-Hill Industrial Organization and Management Series. 157 pages, 6 1/2 x 9 1/4, \$2.00

An outgrowth of an actual inventory conducted by a large industrial plant, this practical guide shows the principles and techniques of planning and taking a physical inventory. Shows how to develop the inventory-taking organization, what procedures to follow in taking inventory, how to select and train inventory-taking personnel, etc.

2. LINCOLN'S INCENTIVE SYSTEM

By **JAMES F. LINCOLN**, McGraw-Hill Industrial Organization and Management Series. 192 pages, 6 1/2 x 8 1/2, \$2.00

Brings together the fundamentals and methods of application of the incentive plan of management, and its use in the Lincoln Electric Company. The plan may be applied universally in all activities which require cooperative action by a number of people. This presentation demonstrates the system's practicality, and illustrates step by step the details of its use.

3. DEVELOPING YOUR EXECUTIVE ABILITY

By **HOWARD SMITH**, Personnel Consultant. 225 pages, 6 1/2 x 8, \$2.50

An inspiring and practical manual outlining in detail a specific plan for cultivating the personal qualities that win executive success. Packed with helpful pointers, suggestions, and instructions the book illuminates each point with intimate, on-the-job studies of contemporary successful executives. A self-rating scale is included.

4. GOING INTO BUSINESS FOR YOURSELF

By **O. FRED ROST**, Editor, Wholesaler's Salesman; Marketing Editor, Business Week. 334 pages, 6 1/2 x 8, 19 illustrations, \$3.00

A practical, readable manual to help the reader start his own business with the best possibilities for success. Covers all the major aspects of the problem—what it means to start your own business, what tangible assets and less tangible personal assets are required—and gives many pointers on choosing the right type of business, legal and financial problems, and methods of locating, organizing, and operating the business.

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Surplus Help

State Dept. lifts import restrictions on twelve classes of badly needed goods from stockpiles being liquidated overseas.

American businessmen can now dig into Uncle Sam's surpluses abroad and bring back critically needed materials and equipment if they can be found.

A recent State Dept. order lifted import restrictions on twelve general classes of surplus property which the Foreign Liquidation Commission may have for disposal from military stockpiles in other countries.

• **What's Eligible**—The general categories are: automotive and transportation equipment; building materials and equipment; construction machinery and equipment; drugs and chemicals (glycerin only); electrical equipment and supplies; machinery and allied equipment; metals and metal products; paper products; professional and scientific apparatus; textiles and textile products; all C-47, C-54, and C-45 aircraft and component parts; and various listed miscellaneous items.

The list was prepared by the Office of War Mobilization & Reconversion to help relieve shortages of materials which are vital to reconversion.

• **Handled in the Field**—Washington officials emphasized that there is no

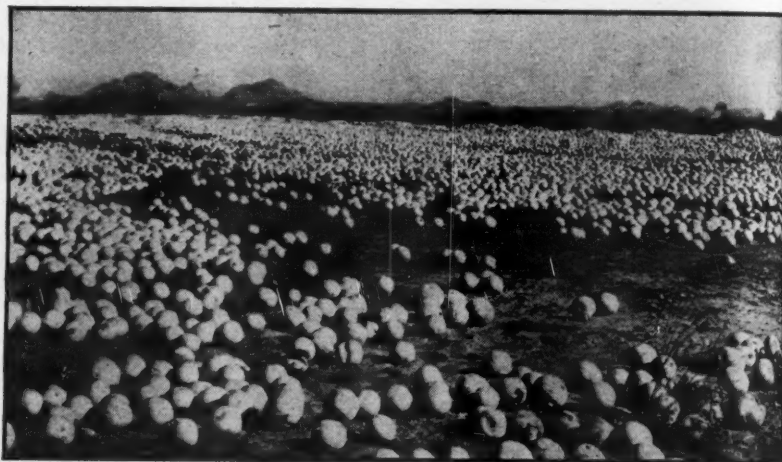
certainty that any of the items cleared for importation may be found on FLC inventory lists. Disposal is being handled on the spot by FLC field commissioners and their representative from 15 foreign offices.

Businessmen may contact FLC headquarters in Washington for general information on locations of surplus, but specific information as to available surplus must be obtained from field offices. Sales are made through negotiations of fixed price items, or through competitive bidding; field commissioners handle both.

• **No Priorities**—Foreign surplus is subject to none of the priorities applied to domestic surplus. United States agencies are given the edge only when competing with private bidders for the same items at the same time. Otherwise goods are sold on a first come, first served basis. All sales are cash-and-carry.

Previously, foreign purchasers in the countries where the surplus was located have been the principal purchasers. Except in Germany, most of the material declared surplus by the armed services have been shopped over. The Army's sporadic declarations of surplus also make the foreign purchaser the first prospective buyer to hear of new surplus FLC in Washington receives periodic reports on overseas inventories, but they invariably are out of date.

• **Where to Find It**—Best bets for locating particular items are Belgium, where stocks are already dwindling, and



TOO MUCH IS NO FEAST FOR A FARMER

While citrus men met in Washington this week to air their woes, tons of grapefruit rotting on the ground near Phoenix, Ariz., bore witness to their main problem—surplus. For some years, war demands glossed over the fact that citrus orchards are overplanted (BW—Dec. 28 '46, p30). Now demand has eased; what's left is a glut that threatens both growers and processors. In some areas, fruit that doesn't meet retail requirements is dumped; canneries that would normally buy it are closed. One bright spot—for Texas—was the recent British purchase of 200,000 boxes of Texas grapefruit. This may herald further U. S. export, but in itself doesn't lick the surplus problem.

[illegible]

17 case histories tell how important industries
SAVE MONEY...CUT OVERHEAD...
INCREASE PRODUCTION

READ ABOUT THESE INTERESTING APPLICATIONS

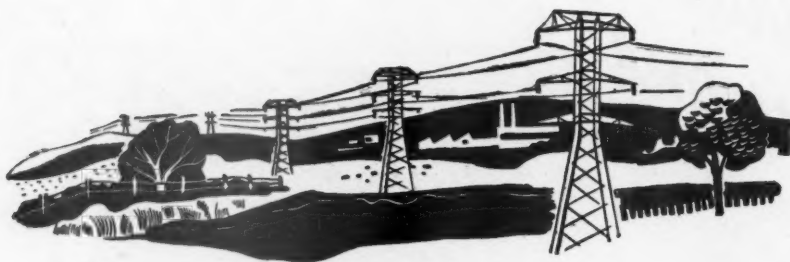
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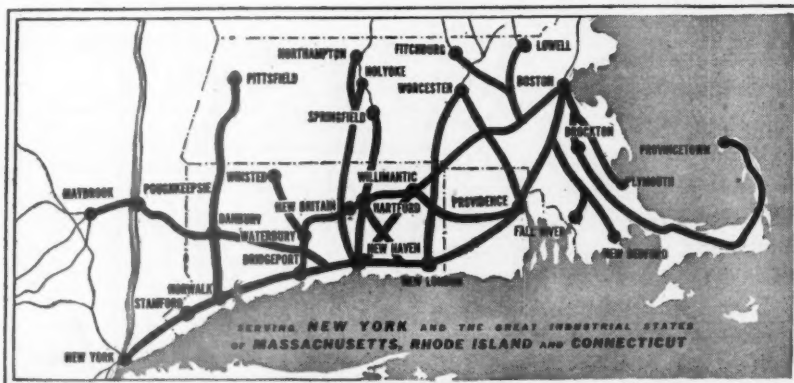
*Billions of Kilowatt Hours are
produced annually in
Southern New England.*

The high concentration of industry in Southern New England has resulted in a network of power facilities second to none in America. In this compact area, transmission lines are short and industry is assured of an adequate and dependable power supply at reasonable rates through numerous inter-connected feeder lines.

A well-integrated power supply is just

one of the many industrial advantages to be found in Southern New England. For more facts on all the benefits available for your new plant location, write for the new booklet, "SOUTHERN NEW ENGLAND FOR TOMORROW'S INDUSTRY." Address: P. E. Benjamin, Mgr., Industrial Development, New Haven Railroad, Room 200, 80 Federal Street, Boston 10, Mass.

THE **NEW HAVEN** R. R.



Germany, where inventories are still several months away from completion. U. S. deals with China and the Philippines have tied up the bulk of remaining surplus in the Pacific.

Although War Assets Administration takes over surplus disposal for Hawaii, Puerto Rico, and Alaska in mid-February from Interior Dept., the inventories in these possessions are comparatively puny. About 60% of the material on the three possessions has already been sold. The remainder amounts to about \$5 million (assessed value) in Puerto Rico, not over \$20 million in Alaska and about \$95 million in Hawaii. Much of the Hawaiian surplus is junk.

• **Where to Write**—Mail addresses of FLC field commissioners are:

In care of U. S. embassies at Paris, Rome, Cairo, Teheran, and Manila.

The American Mission at New Delhi, Bank of Chosen Building, Tokyo.

In care of consulate generals at Shanghai, Sydney, and Noumea, New Caledonia.

In the Marianas.

P. O. Box 2003, Balboa, Canal Zone, 137 Avenida Franklin Roosevelt, Rio de Janeiro.

In care of American Consul, Recife, Brazil.

P. O. Box 190, Port of Spain, Trinidad.

SIDELINE FOR CAR DEALERS

Many an automobile dealer is sitting around these days impatiently awaiting enough cars to keep him busy and his commissions rolling in.

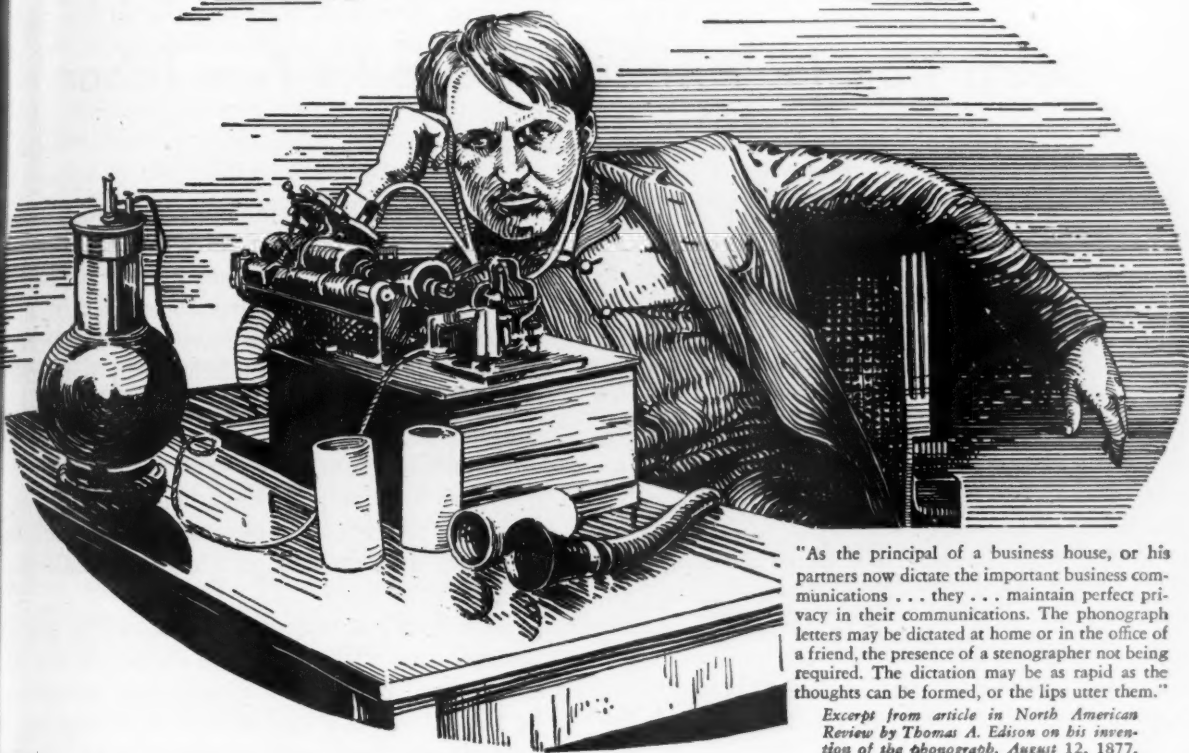
Among those in that fix are several hundred dealers who hold franchises to sell the Bobbi-Kar—a long-heralded bantam-weight automobile (BW—Jan. 12'46, p24). To tide them over, Robert T. Haney, vice-president in charge of sales at Bobbi Motor Car Corp., has borrowed an idea from the rubber companies. He has developed a line of household appliances and automotive accessories under his own brand, "Life-Long," for them to sell while waiting.

Haney is also head of Haney Corp., Philadelphia, a Bobbi-Kar distributor with exclusive sales rights in eight states. His plan was originally limited to his own dealers. Now it is open to all Bobbi-Kar franchise holders.

Life-Long products announced so far include a hydraulic bumper jack, a one-wheel automobile trailer, a 6 cu. ft. home freezer, a household refrigerator, and a table model radio.

Haney plans to continue distributing his Life-Long products through Bobbi-Kar dealers and others even after the cars are plentiful. The auto company now plans to unveil three models, ranging from \$600 to \$850, next month. It hopes to be in production by mid-summer.

February 11, 1847—Thomas A. Edison Centennial—February 11, 1947



"As the principal of a business house, or his partners now dictate the important business communications . . . they . . . maintain perfect privacy in their communications. The phonograph letters may be dictated at home or in the office of a friend, the presence of a stenographer not being required. The dictation may be as rapid as the thoughts can be formed, or the lips utter them."

Excerpt from article in *North American Review* by Thomas A. Edison on his invention of the phonograph, August 12, 1877.

The Man Who Didn't Need A Monument...

The times we live in might well be called the "Age of Edison." For no one ever influenced an age so much.

The man who trapped sound and turned darkness into daylight left hundreds of inventions that have bettered Humanity. But more important, he opened a door through which future inventors and scientists could walk.

Now—one hundred years after Edison's birth, new achievements through Electronics . . . new achievements utilizing the electrical force he harnessed—are daily creating "living monuments" to his genius.

EDISON *Electronic* VOICewriter

PRODUCT OF EDIPHONE DIVISION, THOMAS A. EDISON, INCORPORATED, WEST ORANGE, N. J.

INDUSTRY-WIDE BARGAINING...

Death Trap for Business, Suicide for Free Labor

If Congress is to succeed in its present efforts to prevent strikes in key industries from devastating the nation, it will have to put a crimp in industry-wide collective bargaining. This kind of bargaining is designed to apply agreements between employers and organized workers on wages and working conditions to an entire industry.

Further, if extension of this type of bargaining is not curbed, there is reason to believe that it will undermine the freedom of both American business enterprise and American wage earners. For, while increasing the destructive power of labor disputes, the general spread of industry-wide bargaining would so concentrate the fixing of wages — by far the largest element in the cost of production — that government regulation would be a next short step. With that step taken, freedom for business enterprise and freedom for labor would be well on the way out.

Unfortunately, industry-wide bargaining is commonly regarded as presenting a general conflict between organized labor and employers, with unions favoring it and employers opposed to it. This mistaken notion raises the heat of much of the discussion without increasing the light. The fact is there is no such general conflict. Employers and organized workers are on both sides of the argument about industry-wide collective bargaining. For example, while some union leaders are characterizing as labor baiters all those who raise the slightest question as to the desirability of industry-wide bargaining, organized workers in the air transport industry are strenuously opposing that type of bargaining; and the employers are advocating it.

Some Employers Like It

The reason there is in fact no clear cut issue between employers and unions over industry-wide bargaining is readily understandable. It presents certain advantages to both sides in the bargaining process. For example, union advocates of such bargaining generally stress the fact that industry-wide agreement on wages protects wage standards from being undercut by lower wage

areas and lower wage employers. By much the same token, however, employers who like it often emphasize the fact that industry-wide bargaining may save certain well-managed and prosperous companies from being singled out for particularly heavy wage exactions. The general point has been underlined in both the fashioned hosiery industry and the West Coast paper and pulp industry. There, local unions, affiliated with international unions, have protested that industry-wide collective bargaining prevents them from getting for especially prosperous employers wages as high as they could get if allowed to go it alone in collective bargaining.

So long as employers remain subject to the federal antitrust laws while unions are exempted, the balance of power in industry-wide bargaining would seem to be heavily weighted on the side of the unions. If, for example, employers were to announce an intention to match an industry-wide wage increase by an industry-wide price increase, there is no doubt that they would promptly be indicted for violation of the federal antitrust laws. Even so, the fact remains that some employers favor industry-wide bargaining while some segments of organized labor are against it.

A Clear Cut Public Issue

The industry-wide bargaining issue as it affects the public, however, is clear cut. It is concentration of economic power (in the hands of both unions and management) which can make industrial conflict devastating to the public welfare. At least five times within about a year — in steel, on the railroads, in the maritime industry and twice in the soft coal industry — strikes prompted by union efforts to impose industry-wide agreement about wages and working conditions have paralyzed large parts of the nation's economic life.

In soft coal about 90% of the production workers are members of the United Mine Workers. In steel about 80% of the production workers are members of the United Steelworkers, C. I. O. In some other industries there is a comparable degree of concentration

of union control. In the face of such concentration any employers see no alternative but to get together on their side for industry-wide bargaining. But when they do so in key industries, the odds are lengthened. Failure to agree on wages and related matters, will result in generally ruinous conflict. If agreement is reached, the chances are increased that it will take too much account of the welfare of the consuming public. It is possible to have industry-wide bargaining on many subjects other than wages. But the main interest is wages; and the main drive is toward industry-wide, ultimately nation-wide uniformity. Such uniformity is the deadly enemy of industrial decentralization and pioneering expansion of industry in new areas. Why, then, with inexperienced workers, if the wage rate must be uniform for the whole industry? Moreover, it would also be hard to conceive of a more effective way to put a blight on local efforts to improve industrial conditions than to make wage rates and other working conditions uniform throughout the industry and then to enforce them. However, among many other dangers, the overshadowing danger in industry-wide bargaining lies in its concentration of economic power.

Wages Monopolized

On the average, the cost of labor accounts for about two-thirds of the total cost of all industrial products. The universal spread of industry-wide bargaining would thus concentrate in relatively few hands control of a greater part of the cost of industrial production. There is no reason to believe that even without disastrous strikes, such concentration would long continue to escape from government regulation. That would turn the earth for the graves of American business enterprise and American working men's freedom.

Those who believe that industry-wide bargaining serves the public well — and many sincere people do — miss the fact that, on the whole, it has worked in the industries where it has been tried over a considerable period. Most of the industries of which this is true, however, are not key industries. The pottery industry, the glassware industry, and the silk and rayon dyeing industry — to cite a few in which industry-wide bargaining has been practiced with considerable success — are not important industries. But they are not industries in which strikes would have a ruinous impact on the nation. In contrast, a strike in the soft coal industry is the result of a breakdown of industry-wide negotiations quickly becomes a national disaster. The dan-

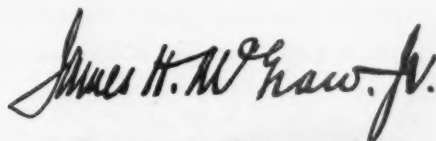
gers inherent in industry-wide bargaining are multiplied accordingly.

England No Guide

Those who think extension of industry-wide bargaining would be good for the public often emphasize the fact that it has worked smoothly in England, where it has been extensively practiced. *Not the least of the things it has smoothed in England, however, is the transfer from private enterprise to state socialism of industries in which industry-wide bargaining by monopolistic unions and employer groups had so badly undercut competition that private enterprise had lost much of its justification.* A general extension of industry-wide bargaining could be expected to have the same consequences in this country.

The best way to curb industry-wide bargaining is a question which lies beyond this discussion. *Much would be accomplished if the federal government would discontinue its active promotions of industry-wide adjustments, in the fields of both labor and management, at which it has been busy ever since N. R. A. days. Still more would be accomplished if the federal antitrust laws were applied with even-handed justice both to unions and employers — a course urged in the 53rd editorial in this series.* Perhaps a definite limitation of the scope of labor agreements would also be necessary.

The effects of industry-wide bargaining in increasing the extent of public regulation of industry will vary. They will, of course, be less pronounced in railroads and other public utilities, which are already extensively regulated, than they will be elsewhere. For unregulated industries, however, industry-wide bargaining carries the threat of extensive regulation and, along the way, of industrial conflict devastating to the public. In these excited times, to say what I have said here is to invite characterization by overheated partisans as a foe of legitimate union progress. That is perhaps not so bad, however, as to qualify as a pall bearer for both American business enterprise and some of the basic freedoms of American working men. That may well be the fate of those who blindly accept the expansion of industry-wide collective bargaining as being "in tune with the times."



President, McGraw-Hill Publishing Company, Inc.



Electric Auto-Lite's Wire & Cable Division at Port Huron, Michigan relies on a ROSS LIFT TRUCK to unload and transport half-inch copper rod from box cars to yard storage and pickling vats. This gasoline-powered, pneumatic-tired lift truck equipped with 10-foot ram attachment, handles fifteen to twenty 250-pound coils per trip. Time and manpower requirements have been cut to a mere fraction of those necessary with former handling methods. In addition, use of this ROSS LIFT TRUCK almost entirely eliminates damage to the soft copper — damage which formerly caused costly delays at the wire-drawing machines. And, because the ROSS ram is readily replaced by standard forks, Electric Auto-Lite's ROSS LIFT TRUCK effects similar savings on a variety of other materials-handling jobs . . .

This is but one of the many instances where ROSS Heavy Duty LIFT TRUCKS — 6,000 to 18,000-pound capacities — have provided the most efficient, economical answer to tough handling problems . . . It will pay you to get in touch with ROSS — ask for Bulletin BW-27.



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Direct Factory Branches and Distributors Throughout the World

READERS REPORT

Brotherhood Week

Sirs:

The committee promoting American Brotherhood Week (Feb. 16-23) has asked me if I would suggest that through your columns, you call the attention of business men to the importance of this movement.

This I am delighted to do as I feel very strongly that brotherhood, in addition to the more fundamental things it stands for, is also good business for everyone.

America must not foster racial and religious intolerance. Division at home, besides weakening the United States on the international scene, also hampers production. Discrimination against fellow employees or business associates because of race, religion, or national origin, could deprive the United States of the benefits of millions of hours of productive labor and the best skill and talents of countless workers. In a prejudice-filled America, no one would be secure—in his job, his business, his church, his home.

So I hope American Brotherhood Week will serve as a stimulus for all of us to check up and make sure we are being tolerant—as well as tolerable.

Frank W. Abrams

Chairman of the Board,
Standard Oil Co. (N. J.)

"Beyond the Pale"

You report (BW—Nov. 23 '46, p. 102) that the United States District Court in Atlanta has been asked to decide on the legality of claims by employees of Atlanta Steel Co. for payments to cover time required for changing clothes and washing.

Such labor costs would be passed on to the consumer and, as a consumer, I object. Changing clothes and washing does not increase production one ounce. It is enough for business to furnish a place where employees can do this on their own time. Paying them for doing it is beyond the pale of delicacy.

W. N. Morris

Houston, Tex.

Capital Charges

Sirs:

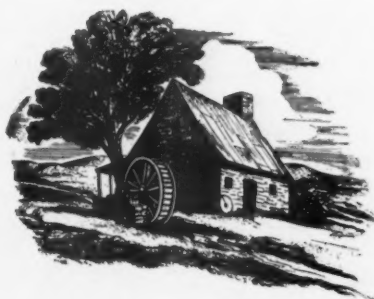
In reading articles in Business Week about the future of profits and their distribution to reserves, taxes, and dividends, after wages and other costs, it seems to me that too little attention is given to reducing the capital charges per unit of product.

Mechanization tends to decrease the percentage of labor charges in unit cost



Dedicated to the preservation and promotion of individual enterprise, this message to our employees is one of a series of full page newspaper advertisements appearing currently in local newspapers and in the "Roebing Record," an employee newspaper.

If you would like to have reprints of the complete campaign we will gladly send them.



WHAT DO YOU SEE IN TRENTON?

THIS COUNTRY WAS A WILDERNESS when Mahlon Stacy settled at the spot where the Assunpink Creek flows underneath Broad Street today.

The house he built was like most houses of the 1670's—a story-and-a-half building with a high peaked roof that sloped down over the lean-to where his oxen were stabled. Its rooms smelled of wood smoke, bayberries and corn meal and they were filled with strange sounds like the roll of distant thunder that came from the grist mill in the backroom for which the Assunpink Creek supplied the power via a huge water wheel.

It took a lot of courage in those days, to build a mill in the middle of nowhere, on the chance that other settlers would move in and bring their grain for grinding. And it took a lot of back-breaking work to cut trees, build the house and the mill with its water wheel, shafts, gears and pulleys, all made of wood.

Mahlon Stacy had tough going for a time. But gradually his mill began to prosper as more and more settlers built their houses near it.

By 1714 it was a going concern and Stacy who was getting along in years, sold out to William Trent.

By 1746, six years before Benjamin Franklin discovered lightning, "The Falls" had grown into a full-fledged borough. Trent-town's first industry was grinding grain for more than a hundred families. One of the settlers had opened a store; others had taken up shoemaking, tailoring, butchering and candlestick making.

Trenton has been prospering ever since. The spirit of enterprise that prompted Mahlon Stacy, William Trent and others to take a chance on the future of this community, was the beginning of our great city as it was the beginning of America.

Men came to America because it gave them the chance they hadn't had in their homeland—the chance to work where they pleased; to live where they pleased and to start a new business when they pleased.

America still is the land of opportunity, and Trenton is a city of opportunity. The future of both still is a challenge to every man and woman who has the courage and the spirit of enterprise to face it.

Mahlon Stacy saw opportunity in a grist mill built in a strange new world—in the wilderness. We, of today, must look for opportunity in a different new world, a different wilderness.

In Stacy's time opportunities were few and far between. Today opportunities are many. Trenton offers a thousand times more opportunities today than it did in Stacy's time. Every industry in Trenton offers opportunities to those who have courage; to those who have the spirit of enterprise to work hard and think in terms of the future as well as the present.

The man who complains that the days of big opportunities are gone forever, belies his own words when he exclaims . . . "I wish I had thought of that," every time somebody else thinks up something new.

There always have been men who deny opportunity and there always have been others who prove them wrong by building new businesses on a shoe string, inventing things that sell like hot cakes, or by improving ways of doing things.

The future of America . . . the future of Trenton . . . are bright if we preserve our heritage of freedom and equal opportunity for all and if we cast off our self-imposed shackles that restrain us from being free and enterprising Americans.

**JOHN A. ROEBLING'S SONS COMPANY
TRENTON 2, NEW JERSEY**

Manufacturers of Wire Rope and Strand • Fittings • Slings • Aircord, Aircord Terminals and Air Controls • Suspension Bridges and Cables • Aerial Wire Rope Systems
Electrical Wire and Cable • Hard, Annealed or Tempered High and Low Carbon Fine and Specialty Wire, Flat Wire, Cold Rolled Strip and Cold Rolled Spring Steel
Ski Lifts • Screen, Hardware and Industrial Wire Cloth • Lawn Mowers



The model IM-514 Amplified inter-communication system in compact, mahogany cabinet with capacity for fifteen stations.

HERE'S YOUR ANSWER...

immediately—from any individual, any department. It's your answer, too, for dependable, simplified communication. It's the new Stromberg-Carlson amplified, inter-communication system, made to the same high standards of craftsmanship that go into the famous Stromberg-Carlson radios, telephones and telephone switchboards.

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The executive inter-communication telephone system with up to twenty stations

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STROMBERG-CARLSON

STRAIGHT-LINE



COMMUNICATION



and to increase the percentage of capital charges.

Since capital charges go on day and night, the longer plants are operated the less these charges will be, in cost per unit.

There may be some doubt that depreciation goes on day and night. Depreciation by wear and tear is mainly during operation, while depreciation by obsolescence goes on all the time; but invention has decreased wear and tear by improving materials and design, and has increased obsolescence by improving and multiplying processes and products.

As man-hours decrease toward, say, 30 hours per week, plant operating hours might increase toward, say, 144 hours per week.

Depreciation by obsolescence is a risk that might be covered to some extent by insurance.

Increased capital charges, due to building new plants, might, in some cases, be avoided by operating existing plants for longer weeks.

Low costs for capital charges may be very important in competing in world markets with producers who carry little or no capital charge into cost of product—for example, Russia.

Carl Riordon

Montreal, Que.

To Clear the Shelves

Sirs:

The business recession we are undergoing is like the weather. Everybody talks about it, but does nothing. I believe something can be done.

One of the reasons for the slump at this time is the fact that a great deal of inferior merchandise was made during and immediately following the war. Because of the resistance of the consumer to this merchandise, a good quantity of it remains unsold on the shelves and in the stockrooms of the retailers and manufacturers.

The retailer will not order additional goods until the stocks on hand are disposed of. The manufacturer will not produce new items until he has cleared his racks. Thus, we have a stalemate. No one wants to take a loss, and everyone loses.

I think it would be a strategic move on the part of American businessmen to send this merchandise to foreign lands, where all types of goods are urgently needed, shipping it at cost or below cost, or even donating it.

This would break the stalemate, clear the way for the manufacturer to make quality items, for the stores to stock them, and for the consumers to buy them. And foreign nations would be grateful to receive American goods at a price within their means.

In this way, we would get goods moving and people buying again. And there

...er has been a business slump that
...ould stand up to the principle of con-
...uous buying and selling.
H. Walter Gilbert
...s., Cutting Room Appliance Corp.,
...w York, N. Y.

Business Gets Dingy

If you think you have gone the limit in trying to persuade a supplier to ship you goods that are on the shortage list, here's a model for a bigger and better effort.

The petitioner was an Indian merchant, the recipient the Bombay branch of an American company.

The actual writer, says Business Week's Bombay Bureau, where a copy landed, "was probably one of those professional scribes who squat before the postoffices of India with their typewriters on their laps, this job undoubtedly being 'the two-rupee super-special.'" He wrote:

Dear Gentlemen,

I am greatly surprised at the shocking contents of your esteemed letter. The subject of it has thrown me in a mire of perturbation and inestimable dejection. Consequently there is a transient dullness and inactivity. Naturally the business enthusiasm and alacrity and the jubilant push has necessarily to be lost when dullness and its allies operate on me to your ruthlessness.

I look upon you as my god father, my favourite, Apollo! When the god in whom I have put all my faith trust forsakes what doubt is there of my being decoyed and my business getting dingy. If you would not help me in these critical times, I think I will be quite unable to carry on with my business and I am afraid I will be monument of despair and melancholy.

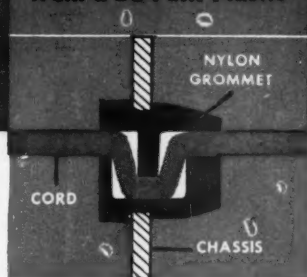
It is my misfortune, that though I am already enlisted as a customer and once allotted your batteries with Rs 129-14-0, I am not getting regular supplies since then, for which I am feeling very much at the moment. At present if the goods are out of stock, please register my name in your list of customers and send the allocations whenever possible without waiting for my orders.

Please treat this letter as an appeal for your mercy. I once more solemnly request you and I ardently entreat you to supply me with these batteries. The need I have for them is beyond my expression. Kindly have pity on me and consider my case as a special one and supply the above batteries to me as much as you wish. My heart is so full and my mind is so heavy. I am afraid I cannot write more. I will stop here lest the words fail me.

Faithfully yours,
(Signature illegible)



Another new product from a Du Pont Plastic



HOW NEW GROMMET WORKS... Grommet is two-piece assembly. Wire is placed across base piece. Top section is squeezed into assembly with pliers, locking wire in a safe hairpin turn. Grommet is then snapped into hole in appliance chassis. (Nylon grommet molded by Mack Molding Co., Inc., Wayne, N. J., for Heyman Manufacturing Co., Kenilworth, N. J.)

NYLON GROMMET WITH A VISE-LIKE GRIP

New safety for appliances... molded from a Du Pont plastic

WELCOME NEWS for appliance manufacturers, underwriters and consumers is a new strain-relief grommet (or bushing) molded from DuPont nylon.

Anchored into the chassis of the appliance, this mighty little nylon grommet keeps a tight, safe grip on lead-in wire. It absorbs the stresses of tugs and twists... protects connections against stripping, short circuits and moisture... adds a safety feature and a sales boost too. Nylon outpointed all other grommet materials tested by the manufacturer. Under heat test, for example, the nylon grommet withstands temperatures up to 400°F. It is economical to install... and it lasts the life of the equipment.

Want to improve an old product...

design a new one? Look to nylon... and other Du Pont plastics... for a lift to success and more sales. Write for literature. E. I. du Pont de Nemours & Co. (Inc.), Plastics Department. Room 602, Arlington, N. J.





On modern packaging machines, cartons, packages and cans are blown swiftly along from one operation to another by jets of compressed air. This application of air simplifies conveyor mechanisms and protects the appearance of finished packages. Consider compressed air for use with your products. Jobs shown below can often be done faster, at lower cost, with Quincy Compressors. More than one hundred manufacturers of machines and equipment that utilize compressed air equip their products with Quincy Compressors. Quincy builds air compressors exclusively in a complete line of sizes ranging from 1 to 80 c.f.m. in both air and water-cooled models. Call in a Quincy Specialist to help you select the correct size and type compressor to meet your requirements. Write Dept. W-27, Quincy Compressor Co., Quincy, Illinois.

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MARKETING

Cigarette Trend Reversed

Many minor brands' sales drop, "Big Three" increase the lead as smokers return to prewar favorites. Total 1946 output sets new record for seventh consecutive year.

Domination of the cigarette market by the Big Three increased in 1946. The smaller brands, which did so well during the wartime shortage years, were shoved back.

• **New Record**—These facts are shown clearly in estimates of last year's sales trends by brands. The estimates are based on final government data, just released, giving over-all cigarette output for the year: Sales totaled 351,500,000, 6% higher than 1945, and the seventh consecutive new yearly record.

The federal tax take increased even more sharply. This was due to the return of servicemen from overseas, which decreased tax-free exports and increased tax-paid domestic sales correspondingly.

• **Luckies on Top**—Sales of Lucky Strike (American Tobacco) skyrocketed to 106,500,000,000—more than the entire industry sold in any year prior to 1928. Camel (R. J. Reynolds) went up sharply to 91,500,000,000. Chesterfield (Liggett & Myers), the remaining member of the Big Three, increased sales slightly to 70,000,000,000. Fully half of the gains of the Big Three were made at the

expense of the small fry who, with minor exceptions, all registered losses.

Thus the basic trend exhibited during the industry's first peacetime year was the return of consumers, no longer plagued by wartime shortages, to their prewar favorites.

• **Camel's Gain Biggest**—There has been much speculation during the year as to whether Camel had overtaken Lucky Strike. As a matter of fact, although Camel remained in the second slot which it has occupied for several years, its percentage gain over 1945 was greater than Lucky's. And reports indicate that Camel would have made an even better showing but for the fact that production could not keep up with demand.

Despite new financing (sale of preferred stock and bank loans on extremely favorable terms), shortages of machinery have prevented Reynolds from increasing capacity sufficiently. Thus Camels are still being rationed to jobbers and retailers.

• **Eastern Favorite**—Chesterfield's slight gain probably was sufficient for it to

The 1946 Score on Cigarette Sales

For the seventh successive year, cigarette sales have hit a new high. But examination of the figures reveals that the real gains in total sales were made by Lucky Strikes and Camels. Other brands registered either losses or not very sizable gains.

Estimates of 1946 sales of cigarette

rettes by brands were compiled by Charles W. Williams, professor of economics and commerce of the University of Louisville. Separate statistics are shown for domestic tax-paid sales and for tax-free exports to the armed services. The figures (in billions of cigarettes):

Brand	Total	Export	Domestic	% of Total Domestic	
				1946	1945
Lucky Strike (American Tobacco).....	106.5	6.5	100.0	31.2	25.8
Camel (R. J. Reynolds).....	91.5	5.5	86.0	26.9	21.7
Chesterfield (Liggett & Myers).....	70.0	4.0	66.0	20.6	20.2
Philip Morris (Philip Morris).....	26.5	4.0	22.5	7.0	10.1
Old Gold (P. Lorillard).....	16.5	1.0	15.5	4.8	6.0
Pall Mall (American Cigarette & Cigar) ..	10.0	—	10.0	3.1	2.8
Raleigh (Brown & Williamson).....	9.0	2.5	6.5	2.0	4.7
Kool (Brown & Williamson).....	7.0	1.5	5.5	1.7	2.0
Wings (Brown & Williamson).....	5.0	3.0	2.0	.6	1.1
Tareyton (American Tobacco).....	2.0	—	2.0	.6	.2
Marvel (Stephano Bros.).....	1.0	—	1.0	.3	.9
Miscellaneous	6.5	2.0	4.5	1.2	4.5
Total	351.5	30.0	321.5	100.0	100.0

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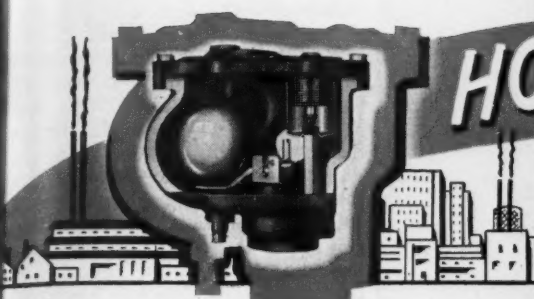
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HOW A TRAP SOLVED A PROBLEM IN PAINTING



TRANE FURNISHED A STEAM TRAP TO HELP THE MAKERS OF AUTOMOBILES

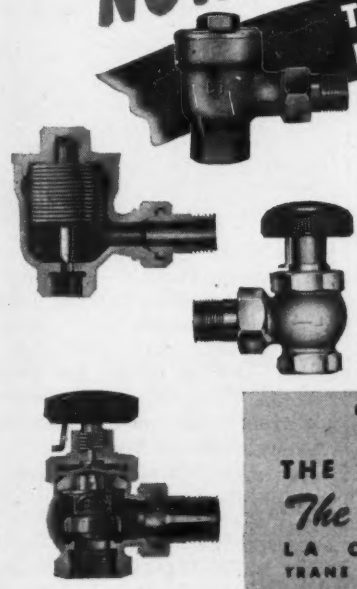
In many automotive production processes, for example, in the ovens where enamel is baked on automobile bodies, high heats must be held within extremely close limits to assure uniform results. These high heats are often obtained with high pressure steam. However, ordinary steam traps discharge air and condensate intermittently—making it difficult to hold unvarying temperatures.

To solve this problem, the Ford Motor Company called on Trane for a trap that would maintain high temperatures without fluctuation. Trane Class 200 Industrial Traps were furnished. These traps permit a continuous discharge of condensate and vent air out of the heating coils, thus making it possible to hold the constant high temperatures needed.

The Class 200 Industrial Trap was so satisfactory that the Ford Motor Company promptly put it to work in several entirely new applications—among them, in a large paper drying machine and in large blast coils in several Ford plants. This trap is another example of the ingenuity of the men who design and build the complete line of Trane matched products—products that are designed and built together for use together. See other Trane products in the panel at the right.

More than 200 Trane Field Engineers in principal cities all over the country co-operate with architects, engineers, and contractors in the application of Trane products and systems—the utilization of Trane Weather Magic.

NOW! TRANE HEATING SPECIALTIES FOR LIFETIME SATISFACTION



Like all other Trane products, Trane Steam Heating Specialties are matched with other Trane equipment, so that a complete, perfectly co-ordinated Trane system can be selected.

Typical of Trane Heating Specialties is the Trane Lifetime Hermetic Valve—a valve so good that it is guaranteed for life against steam leakage at the stem. Equally famous is the Trane Thermostatic Trap, featuring the long-lived Trane seamless bellows. Write for Bulletin J-260, describing Trane Heating Specialties.

Most of the 156 types and sizes of Trane Steam Heating Specialties are now immediately available from stock.

THE TRANE COMPANY

The House of Weather Magic

LA CROSSE • WISCONSIN

TRANE COMPANY OF CANADA, LTD., TORONTO

MANUFACTURING ENGINEERS OF HEATING AND AIR CONDITIONING EQUIPMENT

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Both belong to the chamber of commerce in **KANSAS**



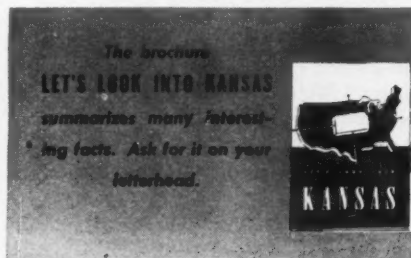
Sympathetic understanding . . . cooperation . . . absence of factions and *special interests* are characteristic of Kansas. Management, Finance and Labor meet in frank discussions which iron out difficulties before they arise to disturb or destroy unity of thought and action. It was this give and take attitude that enabled Kansas

friendly legislation

Kansas tax and labor legislation are designed to maintain an equitable balance between capital and labor. The tax burden is equally distributed over all classes of property. Labor laws are fair and impartial, they defend against encroachment,

to produce some 4-billion dollars worth of essential war materials at a unit cost *substantially below the national average.*

Doesn't such an atmosphere warrant consideration in your plans for expansion and decentralization? Isn't it logical to expect that your production cost would be reduced and efficiency increased? Industries which have established themselves in Kansas have found this to be their experience.



KANSAS INDUSTRIAL DEVELOPMENT COMMISSION

William E. Long, Secretary-Director
807-A Harrison Street Topeka, Kansas

KANSAS *** REALLY *** MEETS INDUSTRY HALF WAY

maintain its "eastern preference" (sales leader in the Northeast and North Atlantic states). Philip Morris continued in fourth place, but its sales declined for the second consecutive year. Old Gold (Lorillard) held fifth place, but sales likewise declined.

Among the lesser brands, Pall Mall (American Cigarette & Cigar, subsidiary of American Tobacco) rose from \$5,000,000 to 10,000,000,000. Kool, Wings, and Tareytown also increased their sales.

• **Price Boosts Helped**—Sales gains combined with moderate price increases to boost Big Three earnings. At the beginning of 1946, their average net selling price was \$6.006 per thousand. Successive quarterly increases brought this up to \$6.509 at the end of the year. Camel was slightly lower at \$6.48.

The earnings reports for Reynolds (Camel) and Liggett & Myers (Chesterfield) are already in for 1946. Reynolds' net profit was \$27,970,000, or \$2.62 a common share, against \$19,230,000 equal to \$1.85 a share, in 1945. Liggett & Myers showed a net profit of \$18,370,000 compared with \$14,940,000 in 1945; per-share earnings were up from \$4.30 to \$5.39.

• **Another Big Crop**—All cigarette companies have been helped by another bumper crop of burley which they have been purchasing at prices slightly lower than last year's. Current crop price averages about 40¢ a lb., still a stiff jump over the prewar level of 15¢ to 30¢. The government has estimated the entire burley crop at 585,000,000 lb.

But leaf men think that when the final count is in a month from now the total will be closer to 625,000,000.

Burley growers in Kentucky, which produces 65%-75% of the total burley crop, have already raked in \$150 million. Another \$20 million to \$30 million is still coming.

With manufacturers' inventories up considerably from the wartime lows, tobacco growers have voted overwhelmingly for government acreage controls for the coming year (BW—Nov. 9'46, p47; Jul. 20'46, p18). But increased use of fertilizer on the fewer acres that are planted in tobacco may still result in a bigger crop.

• **"American Turkish"**—Experiments to produce "American Turkish" continue. Imported "Turkish-type" seeds will produce here. But yield has been small. And the second and third generations have shown an unfortunate tendency to take on the characteristics of native American types.

But the "threat" may have been worth while. Greek (Macedonian) Turkish is now selling at about 90¢ a lb., Smyrna at 70¢-75¢, and Rhodesian Turkish at about 55¢—all much lower than the \$1 to \$1.25 they brought during the war.

Field Splits

Chicago merchant sets up basement as complete medium-price store. Upstairs store will carry only top-quality goods.

Customers shopping in Marshall Field & Co.'s basement store since October have been aware of its new name, "the Budget Floor." They have also noted the bigger stocks of medium-priced merchandise, and the heavy advertising of budget values. But to Field's management and the retailing world, the change means more than a mere change in name. It represents a major shift in merchandising policy for the entire store and a pioneer venture in the retail field.

Store Within a Store—Field's plans for the Budget Floor call for its transformation into what the 94-year-old company hopes will be the best and most complete medium-priced department store in the country. The 188,000



SWEET NOSTALGIA

Marshall Field's new Candy Carnival was installed ostensibly for the junior trade. But a marketwise management knows that the glass jars on shining counters will pull at the heart—and purse—strings of many a Chicago oldster too. For the shop's stock in trade consists of "yesterday's" confections—rock candy, licorice sticks, popcorn balls, jaw breakers, candy hearts with mottoes—the kind that Ma and Pa bought when kids.

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Apply this simple formula to new products, particularly while in the blueprint stage, and watch its uncanny magic develop answers that bring a better product, lower manufacturing costs, and increased sales. Isolation of vibrational stresses frequently enables redesign for lighter weight, increases life of bearing surfaces, and protects vital parts.

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3 Ways to Profit with NEOPRENE

The Du Pont Synthetic Rubber



1 DEVELOP A SUCCESSFUL NEW PRODUCT

Example: This new extension light is protected from plug to socket with neoprene for better service. Neoprene resists oils, abrasion, sunlight, most acids and chemicals. And there's less chance of cracking, checking and cutting—factors which shorten the life of ordinary extension assemblies.

Numerous new designs have been made possible by neoprene's unique properties . . . when engineers combine neoprene and imagination.



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HERE'S WHY DU PONT NEOPRENE DOES SO MANY JOBS SO WELL!

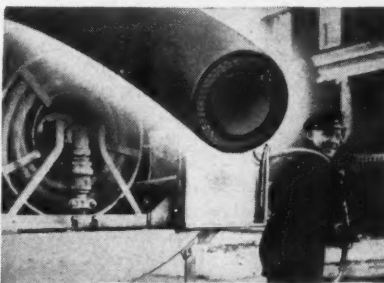
- ★ High tensile strength, resilience, low permanent distortion.
- ★ Tough, durable, resists abrasion and cutting.
- ★ Superior resistance to sunlight, aging, ozone, heat.
- ★ Resistance to deterioration by oils, solvents, chemicals, acids.
- ★ Superior air-retention, low permeability to gases and fluids.
- ★ Special compositions are flame-retarding, static-conducting, flexible at low temperatures.



2 IMPROVE A PRODUCT TO WIDEN ITS MARKET

Example: This manufacturer widened the market for canvas work gloves by impregnating them with tough, durable neoprene. Now workmen's hands are protected from oil, heat and chemicals—gloves often last up to five times longer. You'll find neoprene gloves for almost every use today: thin, sensitive gloves for light industrial work; heavy-duty impregnated canvas gloves for rough industrial use, and lighter ones for work around the house and garden.

Manufacturers on the alert for wider, more diversified (and therefore more stable) markets will often find the use of neoprene in their products accomplishes this purpose.



3 REDUCE MAINTENANCE COSTS IN YOUR PLANT

Example: In tests, oil hose with a tube and cover of neoprene lasted 3 to 4 times as long as ordinary rubber hose. That's why oil dealers find it economical to use fuel oil hose in which both jacket and tube are made of neoprene.

This and other properties of neoprene mean longer life per dollar—saving in replacement costs, maintenance labor and shutdown time. Most industrial rubber goods will give more economical service when made of neoprene.

DU PONT NEOPRENE

The Versatile Synthetic Rubber



REG. U. S. PAT. OFF.

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...THROUGH CHEMISTRY

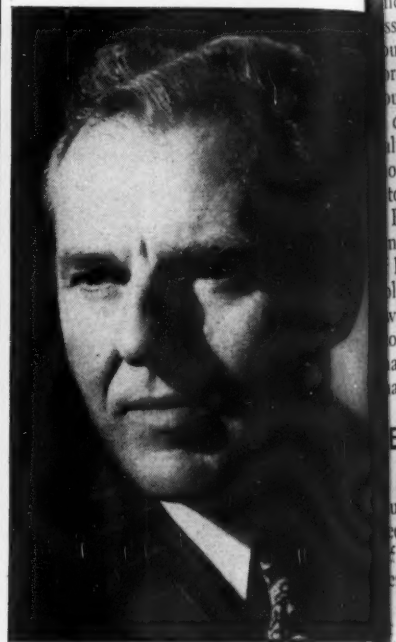
sq. ft. of selling space will be occupied by 83 departments. Each department will stock full regular lines of medium-priced quality merchandise for middle-income buyers. Only lines missing will be large appliances and furniture.

In addition, Budget Floor management is working out a special group of staple items, yet to be announced, to be manufactured to quality specifications and sold regularly at special low prices. Presumably these lines will include staple sellers as shoes, sheets, towel, drapery fabrics and curtains, and like.

Complete remodeling, to take away the bare, basement-store appearance, will be spread over the next five years.

• **Caught in a Squeeze**—The move aimed at solving a major problem of those high-class retail department stores which have prided themselves on carrying quality merchandise in all price lines. Since the depression, such stores have been increasingly squeezed.

On one side, they have faced comp



ASSOCIATION PILOT

New president of the American Washer & Ironer Manufacturers Assn. is Roy A. Bradt (above), vice president of The Maytag Co., Newton, Iowa. A native Iowan and past president of Iowa Manufacturers Assn., he started with Maytag as shop machinist in 1916. As chairman of the association's postwar planning committee, he helped set the pattern for his industry's negotiations with government agencies. In his new post, Bradt succeeds Louis C. Upton, president of 1900 Corp., St. Joseph, Mich.

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estate investments and mounting
erating costs have driven most depart-
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low-price field where sales volume
biggest.

Internal Competition—Even Field's,
g jealous of its prestige as a merchant-
er of the best quality goods available,
and its upstairs store doing more and
re volume in the medium-price field.
inctions between price lines in base-
ent and upstairs stores almost disap-
ared. Basement and upstairs depart-
ents were actually competing against
ch other for merchandise and for cus-
tment store-
ers.

Dissatisfaction with results of this
policy forced Field management in 1941
consider eliminating the basement
store, becoming a medium-price store
throughout. Instead, plans were laid to
concentrate Field's medium-priced busi-
ness in a new basement operation, which
ould siphon off 25% of the upstairs
ore's medium-price volume. This
ould leave upstairs departments free
to compete with the higher-priced spe-
alty shops. Wartime merchandise
ortages delayed putting the policy
to operation until last fall.

Basement store volume has consis-
tently accounted for an average of 25%
Field's sales. Last year the company's
olume, including sales of the wholly
owned Frederick & Nelson department
ore in Seattle and operations of the
manufacturing division, reached an esti-
mated total of \$200,000,000.

PENICILLIN BOOSTER

A complete turnaround in the pro-
duction and marketing of penicillin
seems likely as a result of the findings
of three Food & Drug Administration
researchers.

When the antibiotic was introduced,
it was marketed in the so-called amor-
phous form—a yellowish powder derived
directly from the mold. This form is
comparatively unstable, and requires re-
frigerated storage. Also, the potency per
unit of weight varies from sample to
sample. So the trend recently has been
toward output and use of the highly
purified crystalline form.

Now the FDA researchers have dis-
covered that the "impurities" in many
(but not all) batches of amorphous
penicillin contain a substance—as yet
unidentified—which increases the po-
tency of the pure drug by up to 100%.

FDA doesn't believe that this will
eliminate crystalline penicillin from the
medical picture. They think it will still
be preferred in cases where close con-
trol of dosage is essential.



WOULD YOU PAY 3¢ A DAY TO GET RID OF NOISE ?

Has anyone ever told you that
for 3¢ a day you can free your-
self from the jumbled din of
ringing telephones, clattering
typewriters, and distracting con-
versations?

It's true. Only 3¢ a day, fig-
ured over just a few years, is all
it costs to protect yourself from
noise with a ceiling of Arm-
strong's Cushiontone.

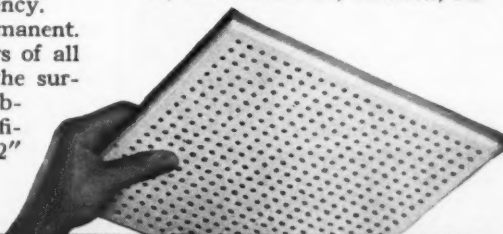
In general office areas, the
cost of 3¢ per day per person
is saved many times over
through increased efficiency.

This noise cure is permanent.
More than three-quarters of all
the sound that strikes the sur-
face of Cushiontone is ab-
sorbed in the 484 deep fi-
brous holes of each 12"

square of this material. Not even
repainting will affect this un-
usually high acoustical efficiency.

Armstrong's Cushiontone is a
good reflector of light and is easy
to maintain. It provides extra
insulation. Your local Arm-
strong contractor will be glad
to prove to you with a free esti-
mate the economy of a Cush-
iontone ceiling.

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It gives all the facts. Armstrong Cork
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... a new book which opens mines of
statistics to businessmen."

—Modern Industry

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W. R. LEONARD

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The book is not a dry tabulation of the various series published in Washington. Rather it is an informative description of the fact-collecting and publishing activities of each government department and bureau. Each chapter includes a 'methods' section containing suggestions for the employment of the various series of data in typical problems of market analysis, planning channels of distribution, or allocating sales and advertising effort."

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N. Y. Chapter News Letter.

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HOW TO ATTRACT AN AUDIENCE

Having bought into the U.S. film market, J. Arthur Rank, British movie empire builder, countenances a publicity sortie from the air. Into Harrisburg (Pa.) Market Square last week came a helicopter from New York for "door-to-door" delivery of a new Rank thriller. The premiere, a week before the Broadway opening, was to sample "typical U.S. audience-reaction" to the "cold" release of a foreign film. Distribution is directed by Robert R. Young's Eagle Lion Films, which handles Rank's second-string films (BW—Dec.22'45,p36).

Cheese Threat

Wisconsin makers are worried by falling prices, other states' competition, trend to compulsory pasteurization.

To the cheese industry, last month's slipping prices on dairy products cast the first chill shadow of postwar competition. Wholesale cheddar cheese prices sank from October's post-OPA high of 51¢ a lb. at Plymouth, Wis., to 37½¢ last week.

But cheese is still high relative to butter, now 61¢ a lb. wholesale at Chicago. Normal price relationships put the butter price at 2.2 times the price of cheese. If butter stays down cheese is expected to go still lower, wind up around the old OPA price of 32¢ by spring.

• **Leases Discontinued**—Another sign of return to prewar conditions in the industry is the dropping of leases on Wisconsin cheese factories by the big cheese distributors.

In Wisconsin, only cheese state where small independent cheese factories have predominated, OPA price regulations put a premium on leasing. OPA put a ceiling price on cheese. But it left uncontrolled the price of milk sold by the farmer to manufacturers of dairy products. This squeezed cheese makers in the scramble for milk among competing

dairy products makers. By leasing, the big distributors could pay higher prices for milk, make their own cheese, and absorb the higher cost in the wholesale markup permitted them.

By last spring's peak, 808 of the state's 1,442 cheese plants were under lease (BW—May11'46,p76).

• **Borden Bows Out**—Leading the parade of companies giving up leases was Borden. Sensitive to monopoly charges and the threat of legislative action against leasing, Borden has announced that it has already given up 50 of its 198 leased plants, will let the rest go soon.

Kraft got into leasing as a part of a long-range program to improve cheese quality and get better control of costs. It, too, is reported making little effort to hold its leases. Smaller distributors are following suit.

• **Competition**—To Badger State residents, the divorce of leased plants was welcome news; the trend toward fewer and larger cheese plants, and toward outside control of their cheese industry, has worried them for 20 years.

Less heartening was the wartime rise in cheese production outside Wisconsin. State-by-state production figures reveal that in 1944, for the first time, Wisconsin slipped from its long-held place as producer of more than half of U.S. cheese. In that year, Wisconsin production totaled 474,000,000 lb., national output was 1,017,000,000 lb.

• **South a Threat**—Wisconsin is also watching closely the growing output of



Thomas A Edison

This month, the world observes the 100th anniversary of the birth of Thomas A. Edison—February 11th, 1847.

Dr. Charles F. Kettering said, at a recent meeting of the Edison Foundation, "As truly as though each of us had been named in his last will and testament, every industry, business, profession and home using electricity is a beneficiary of the labors of this great man."

Without his inventive genius and accomplishments, we would all be the poorer today—not only in material things but in scientific knowledge, in world progress and in each person's "pursuit of happiness."

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... and our service is confidential**

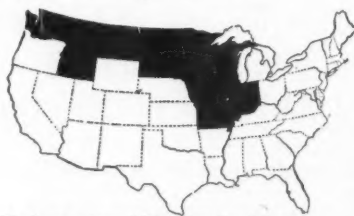
Nearness to markets and raw materials ... labor conditions and taxes ... housing ... available plants for sale or lease ... shipping and power facilities ... any or all of these may be of primary importance in selecting your new business site.

The Milwaukee Road's Industrial Development Department can provide just the information you need.

Our engineers and analysts have prepared plats and compiled data for hundreds of communities along the Road's 11,000 mile right of way extending through the dynamic midwest on to the expanding

Pacific Northwest. Our interest lies in locating stable businesses along the railroad where they will prosper and create new traffic.

The leaflet, "How to Find a Home for Your Business," outlines our complete service. There is no obligation. Just write to J. C. Ellington, Industrial Commissioner, The Milwaukee Road, 303B Union Station, Chicago 6, Ill.



Black area shows Milwaukee Road States

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of the friendly West*

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reading this leaf-
let may save many
hours of time.*



the southern states. Dairying is on the rise in the Southeast as part of the effort to diversify southern agriculture. Since 1930, Kraft has been spearheading a move toward southern cheese production. In the war years, Kentucky, Tennessee, and Alabama all doubled their small prewar cheese output.

But whether the wartime upstarts among cheese states will hold their gains is still questionable.

• **Danger in Another Quarter**—The growing trend toward use of pasteurized milk for cheese making also worries Wisconsin cheese makers. Public health officials were alarmed by several wartime epidemics of typhoid traced to immature cheddar cheese. They have been urging enactment of laws requiring that cheese made from unpasteurized milk, and cheese not pasteurized in processing must be held in storage for a minimum period before sale.

Opinion on the time required to make the unpasteurized cheese safe is divided. Some authorities advocate 90-day storage to make sure no disease-causing organisms survive in the cheese. Others feel 60-day aging is ample.

Since 1941, seven states and two cities have passed aging or pasteurization laws. But because 48 varying state laws would lead to endless complications, most cheese manufacturers would prefer to see the federal government, through the Food & Drug Administration, enforce such restrictions. Standards of identity for the various cheeses, a necessary preliminary to such regulation, are now being worked out by the cheese industry and FDA.

• **Not Equipped for It**—But many small Wisconsin cheese factories are not now equipped to pasteurize their milk, could not install equipment in present buildings if it were available. Most recent survey shows only 15% of Wisconsin's cheese plants now have machinery for pasteurization. Nationally over 40% are equipped to pasteurize.

Many of the state's old-time cheese makers feel that cheese made from unpasteurized milk has a better flavor, regard such laws as an attempt to put them out of business. Advocates of pasteurization counter that, while the flavor is different, cheese made of pasteurized milk is of better quality.

FOR MANHATTAN FARMERS

Manhattan island, which boasts no farms, acquired a farm equipment store last week. International Harvester Co. opened a sales office at 42nd St. and Lexington Ave.

Harvester expects to sell to the thousands of business and professional men who work in Manhattan but own farms within commuting or weekend distance. Deliveries will be made by dealers in the city-farmer's home territory.

Premiums' Rebirth

Sales-promotion offers are being made again after wartime lapse. Trend indicates revival of competition in nondurable goods.

The current revival of premium offers is a symptom of the increasing competition in marketing nondurable consumer goods.

• **War Casualty**—The use of premiums as a device to boost sales received its greatest impetus during the depression. But during the war, the practice disappeared almost entirely.

For one thing, many companies had all the business they could handle; they had no reason to offer consumers incentives to buy more. For another, durable goods and jewelry—favorite items for premium offers—were not available. Those companies that did continue premiums during the war were forced to turn to such items as flower and vegetable seeds or children's tracing books.

Now hard goods and jewelry are back. And many companies again are wooing consumer favor through premium offers.

• **Even National Biscuit**—Perhaps no company is a better illustration of this trend than the National Biscuit Co.; it is currently offering a premium to spur sales of its Shredded Wheat. When the century was young the company tried premiums, dropped them, and ignored them right through their depression heyday. Now the company has reentered the fold. It's offering a kid's gadget: a compass ring. A Shredded Wheat box top and 15¢ bring it.

National Biscuit's offer is only one sample of the competition in premiums that has surged up in the past few months. Grain processors are making ever more lavish offers to stimulate sales of cereals and flour. Soap and cleanser manufacturers likewise are backing promotion with premiums. Other current premium-earning products are soup, powdered coffee, peanut butter, margarine, salt, dentifrices, shampoo, facial tissue, a laxative.

• **Premium by Television**—B. T. Babbitt, Inc., cleanser manufacturer, recently added a new first to its record of originating premium merchandising in 1851. The company televised a premium. It's offer: a scarab pin for a Bab-O label and 25¢. Babbitt counts as a worthwhile score its 4% return from its television audience.

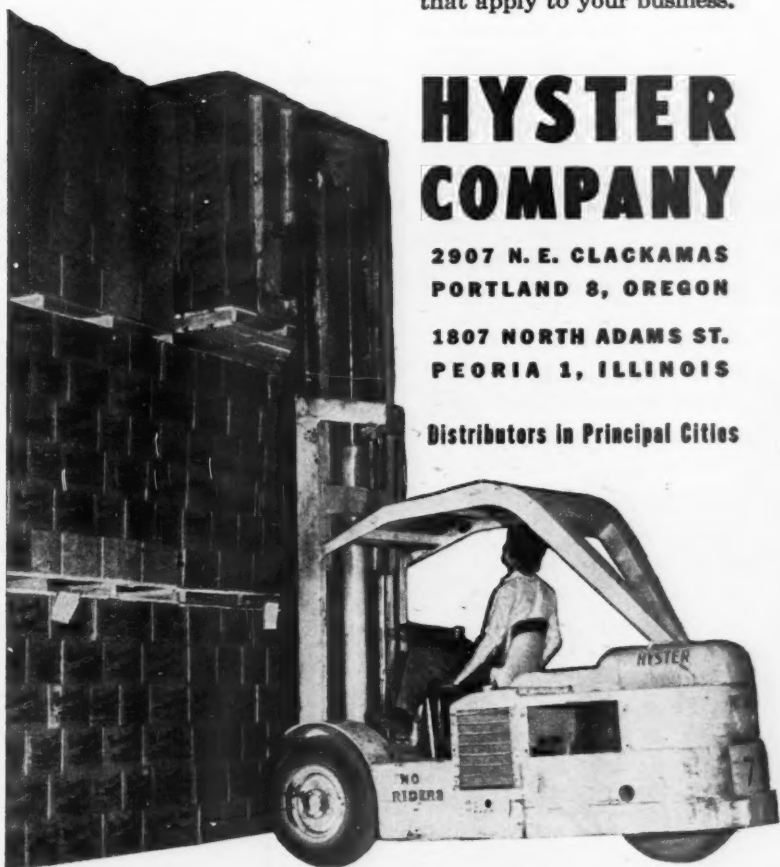
General Foods Corp. has taken advantage of the reappearance of hard goods. It first reentered the field with a silverplate teaspoon, sweetened the offer last week with a matching knife and fork. Case-lot buyers of the company's line of Post's cereals can qualify

BUSINESS MONEY-SAVER

Hyster's business is to save money by reducing the high costs of handling materials. Depending upon the industry or type of business, these materials handling costs account for 10% to 55% of total manufacturing and warehousing costs. Hyster industrial trucks reduce these costs. All Hysters are gas powered; all are on pneumatic tires.

Hyster trucks load and unload, transport, tier easily and quickly . . . Save time, money and manpower.

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Hyster "75" doubles former warehouse capacity by high stacking. This Hyster handles about 900,000 cases a year, does other utility work. (typical loads 144 cases—6000 lbs.) Net saving of \$15,000—1-2/3¢ per case—in handling cost in one short season.

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EXECUTONE, the modern electronic inter-com, gives you split-second, direct voice-to-voice contact with every member of your staff.

No more chasing from office to office to get wanted information. No more clogging up your switchboard with "inside" calls. You simply press a button on the EXECUTONE and talk with your man! The voice is clear and natural.

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415 Lexington Ave., New York 17, N. Y.
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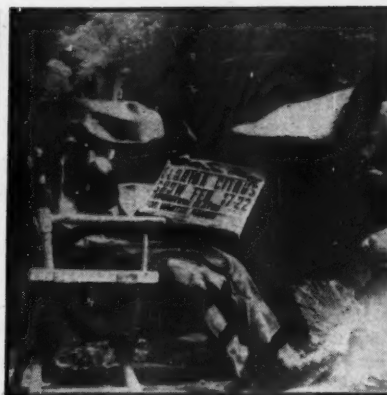
- ☐ Please send literature.
☐ Have representative call. No obligation.

Name _____

Firm _____

Address _____

City _____



PEACE, BROTHER, IT'S WONDERFUL!

With pictures to prove it, press agents last week were getting back in the groove. One in Florida, taking his cue from the ball point pen, staged his artwork underwater in Winter Haven, enlisted a bemused porpoise to help focus attention on next month's citrus show. In New York, a host of humans paid their respects to a cow—Borden's Elsie—on her tenth birthday. At her Hotel Roosevelt party, Elsie received such gifts as "Green Pastures" perfume from "sweater girl" Lana Turner, a quart of black nail polish, and aviation sun glasses from Air Associates. And from the press release: "Elsie received her glasses with delight, remarked she had inherited her sensitive eyes from her grandmother who, as you know, made her trip to the moon at night."

for scores of seemingly hard-to-get and often expensive items such as inner-spring mattresses, basketballs, electrical appliances, sporting rifles.

• **Barometer of Competition**—The resurgence of premiums is a barometer of marketing competition. Boxtop offers appeared in cereals shortly after the Dept. of Agriculture took down production barriers last fall. Premium Practice, only trade paper in the field, has predicted heavy use of premiums in other areas of hard-bitten competition. Listed as likely fields are butter vs. margarine, soaps vs. soapless detergents, and frozen foods.

Premium users deny that fear of a depression led them to offer postwar merchandise at what usually figures out to less than retail cost. Explanations are careful and complete. Here are sample goals: broader sales areas, larger share of the market, success in the postwar leadership struggle with old competitors. Premium programs are much too costly to be jerked in in order to prop up declining sales, or to help clear distressed merchandise.

• **At a Profit?**—Premium data of all kinds are carefully contained trade secrets. Costs, returns, and the like are rarely divulged. As a result, some premium users suspect competitors of profit-making on the premiums. This practice runs contrary to premium traditions, excites genuine fears that the sales-promotion value of premiums will be damaged, prompts talk of voluntary premium codes.

KEEPING FIFTH AVE. ELITE

Fifth Ave., which sets styles in fashions, also cuts a fancy figure as a model for merchants' associations. This year the Fifth Ave. Assn., Inc., plans to create a Committee of Architects to safeguard the atmosphere of the world's most prosperous shopping district.

The new committee would:

- (1) Act as an advisory board for merchants planning to erect new buildings or alter existing facades in the Fifth Avenue section.
- (2) Point out any violations of the district's specialized codes.
- (3) Make suggestions to insure conformity with the outside architectural appearance of the district.

So far, professional architectural groups consulted appear cool to the plan.

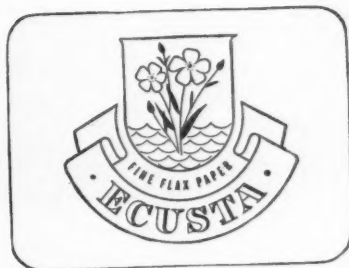
The association has been suggesting improvement programs since 1907, and its 1,000 merchant-members have found that it pays to listen. Begun as a means of stabilizing property values, the association set about to develop an exclusive retail section. Standards of store appearance require members' windows to be clean. Police and sanitary services are checked continuously to prevent a shabby appearance.

Liaison with the city helps in obtaining zoning and building legislation. Laws have been passed requiring licenses for end-of-lease and fire sales. A special midtown police squad patrols the area to assist shoppers and visitors.

IMPORTANT MESSAGES

SHOULD LOOK

IMPORTANT



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Appliance Market

Estimates of 1947 home equipment sales, matched with probable output, indicate low inventories for most dealers.

Few firms, if any, in the electrical appliance business are likely to be troubled by excessive inventories this year. This was indicated in a forecast of 1947 sales by Electrical Merchandising, a McGraw-Hill publication. The magazine's annual survey covers electrical utilities' estimates of unit sales and manufacturers' estimates of production.

With 1941 sales included for comparison, these estimates are (000 omitted in all figures):

	1941 Sales	Utilities' '47 Estimates	Manufacturers' '47 Estimates
Refrigerators..	3,500	3,350	3,000—4,200
Ranges	728	868	825—1,500
Water heaters.	205	434	600
Home freezers.	...	341	700
Washers	1,892	2,636	2,500—4,000
Ironers	260	465	200—575
Vacuum cleaners	1,679	1,985	2,400—3,500

• **Added Prospects**—All estimates are considered to be very cautious. Despite the freely predicted shift from a sellers' to a buyers' market in 1947, manufacturers still are more concerned about how much they can produce than about selling their output.

Three other factors made the estimates appear conservative:

(1) The expected shift in consumer buying from nondurable goods to durables will favor appliances. They rank second only to automobiles in this category.

(2) The long-delayed construction of new housing will automatically boost sales of major appliances. At present, small appliances such as toasters and irons are enjoying a disproportionate boom. They can be used by families who are living in cramped quarters and must delay buying a washer or refrigerator until they find adequate housing.

(3) The replacement market, normally very important, has not yet become evident. Most of today's sales are being made to new owners. But in recent prewar years about a third of all refrigerator sales, for example, have been made to families who already owned old models. In such cases, replacement was due partly to the increasing preference for large models.

• **Too Many Dealers?**—The estimates indicate that 1947 sales will require more electrical appliance dealers than there were before the war—but not nearly so many as there are now.

Between 1941 and 1946 there was a widespread delusion about the get-rich-quick possibilities of the appliance busi-

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ness. As a result there are now 77% more dealers than there were in 1941. This inevitably forecasts a widespread dealer mortality.

Utility Competition—It also forecasts a revival of the old bitterness of appliance dealers toward public utilities which sell appliances. It has already flared up in Alabama, where dealer complaints of unfair utility competition have prompted the Alabama Public Service Commission to ask the power companies for comment on the situation—"so that we can decide what future action can be taken."

Most dealers would like to see utilities barred from selling appliances. They claim utilities have two unfair advantages:

(1) When newcomers sign up for electric power their names automatically provide the utility with a prospect list for appliances.

(2) Utilities can absorb the greater part of handling costs on instalment sales by collecting the monthly payment along with the customer's gas and electric bill.

Dealers charge that utilities have at times taken substantial losses on appliance sales. In turn these losses resulted in an additional burden on rate payers.

Cooperation—Dealers may take comfort, however, from the present trend among utilities to get out of the appliance business and into cooperation with dealers (BW—Jan. 5'46,p74). Of the 175 companies reporting to Electrical Merchandising, 57% plan to sell appliances in 1947; 43% do not. A year ago, 62% were planning to sell them, 30% were not, 8% were undecided. The majority of them now have definite plans for helping dealers with advertising, selling, and home service.

This trend is logical. For one thing, utilities would rather sell power. Most of them originally got into appliances merely to develop consumer use of power. For another, merchandising appliances can be politically dangerous for a utility. That could be the case in 1947, when many of the newly established dealers are war veterans, and when there will be too many dealers and probably not enough appliances to serve the consumer market.

P. S.

Noma Electric Corp. this week made a \$51 cut in the retail price of two of its large-size home freezers. Its 20-cu. ft. Frigid Freeze model dropped from \$650 to \$599; its 12-cu. ft. Estate freezer dropped from \$450 to \$399.

Alcoholic Beverage Control Board of Alabama will make a chemical analysis of all whisky now offered in state stores. It wants to make sure that none of the unfamiliar war-born brands in its stock is unfit to drink.

NORTON INGENUITY Grinds Camshafts Faster and Better



The TWIN-O-MATIC* Grinder for Bearings

All four bearings of a camshaft are ground at one time in this massive Norton Grinder with its twin wheel heads, independently controlled. Equipped with one or two wheels on each slide, this grinder can be used for a variety of multi-diameter work.

The CAM-O-MATIC* Grinder for Cams

This Norton machine seems human in action as it moves the camshaft along, grinds each cam in turn, trues the wheel and stops automatically—ready for the operator to replace the shaft and start the cycle again.

NORTON GRINDING WHEELS for Both

Skillful grinding wheel engineering is essential, too, for the successful operation of these ingenious machines. The wheels must remove stock rapidly, produce a good finish and wear uniformly—and Norton wheels meet these requirements.

The same Norton ingenuity which has made possible this fast, economical grinding of camshafts is available to you. Whether your grinding problems involve wheels or machines you'll find the engineering ability at Norton to solve them.

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PRODUCTION

Industry's Common Language

Standards, once feared as "regimentation," now generally accepted. Today's question: Who should set them? Business prefers American Standards Assn. to federal Bureau of Standards.

Standards, in essence, are industry's Esperanto—a common language for performance and acceptability. Will a vacuum cleaner bought in New York plug in in Seattle? Is size 38 the same size in three different stores? Will two motors of the same rating, made by different manufacturers, deliver the same torque at a given speed?

• **Perspective**—Not too many years ago, many industrialists took a dim view of standardization. They feared regimentation of design, ruin of competitive position, loss of replacement business.

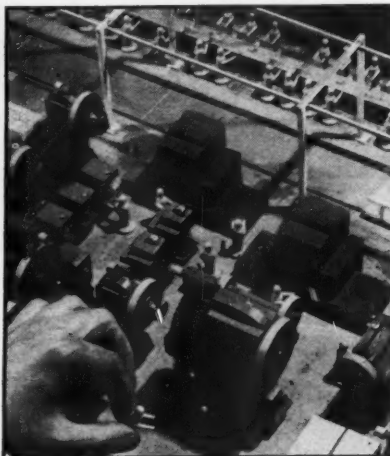
The current picture is entirely different. Industry generally has accepted the theory of standardization. Today, 864 approved standards—each of which represents voluntary agreement on the part of maker, seller, user, and regulatory groups—are available to industry. They reach into every important engineering field. They cover, among other things,

materials specification, work methods, testing methods. Also included are standards for public and industrial safety, industrial medicine, and a wide variety of consumer goods.

• **War's Effect**—The trend toward standardization was accelerated by industry's wartime experience. New and simplified standards, pioneered by industry committees with governmental blessing, speeded production, provided material benefits: mass-production economics, longer runs, shorter setups, smaller parts inventories, better quality control. They clinched the case for standards.

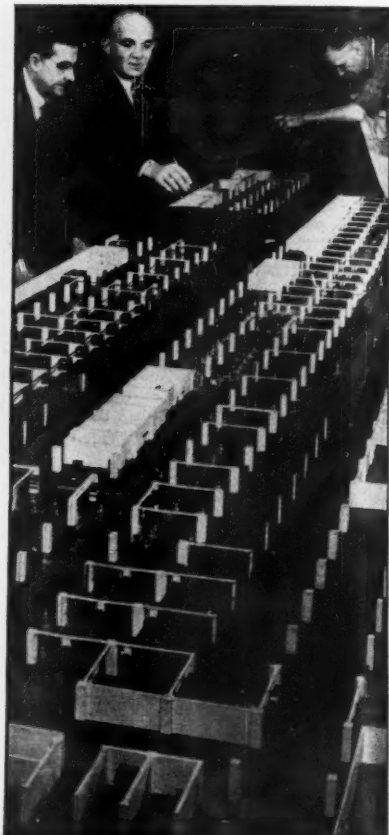
Surveys show that many wartime standards are going to survive peacetime competitive pressures. And standards philosophy, which prewar was largely limited to engineering and manufacturing, is reaching out into consumer products.

• **The A.S.A.**—Standards for industry are developed through the American



PRODUCTION TOYS

At Dearborn, William Pioch (center), Ford director of production engineering, directs the building of a scale model of the company's Highland Park plant. Reduced $\frac{1}{4}$ in. to a foot, three-dimensional floor plans of several Ford plants are being set up to aid in determining space utilization and production. Principally a hand job, the miniatures—men and machines (above)—are made by Ford craftsmen.





FOR A BIG BURDEN

In Philadelphia, workmen take the measure of a 5,000-lb. bearing that will ultimately carry a big load in the paper business. It's one of twins, 4 ft. in diameter, that will go into a 10-roll supercalender—a machine that gives paper surface its high finish. Beloit Iron Works of Beloit, Wis., is constructing the calender for the Kimberly-Clark paper mill at Niagara, Wis. Designed for a 4,000,000-lb. load, the bearings will have 38 rollers weighing 35 lb. apiece. SKF Industries is fabricating the bearings.

Standards Assn. This is a federation of 97 technical, trade, and governmental organizations, maintained by industry as a national clearinghouse.

The association includes 2,000 member companies. Its published standards represent a census of opinion expressed by about 3,000 technical men from 650 organizations. Adherence to the published standards by members is strictly voluntary.

• **Kinds of Standards**—A.S.A. operates on the thesis that nothing should be standardized merely for the sake of standardizing, but only when questions of economy, simplification, or safety occur. Its standards cover eight major classes:

- (1) Definition of terms used in specifications, contracts, and literature, and of abbreviations and symbols;
- (2) Dimensional uniformity to assure interchangeability of parts and supplies and the interworking of apparatus;
- (3) Specifications for material and product quality;
- (4) Methods for testing materials and products;
- (5) Performance ratings of machinery and apparatus to establish test limits

under specified conditions as a basis for purchase specification;

(6) Operating and safety rules for workers, machinery, and equipment;

(7) Standard processes for industry; and

(8) Simplification of types, sizes, grades, and colors.

• **Problem**—What is to be the role of government in the initiation, development, and promulgation of standards? There are extremists in government who believe that standardization should be an exclusive function of government, with the task delegated to the National Bureau of Standards of the Dept. of Commerce. These extremists would have the government bureau withdraw from the American Standards Assn. and set up house independently as a dictator of standards for industry.

By the same token, there are extremists in industry who want government to keep out of the picture entirely. They want the whole job delegated to A.S.A. They would seek a federal charter for the association similar to that now held by the Red Cross, thus giving it semi-official status.

• **Conference Called**—In January, 1945, Jesse Jones, then Secretary of Commerce, invited representative leaders of industry to attend a conference on standardization, because of "the ever-increasing importance which it was felt industrial and consumer-goods standards will have in our national economy."

This conference approved the plans of A.S.A. to broaden its work to cover the consumer goods and other fields. It appointed a policy committee headed by Charles E. Wilson, president of General Electric. Wilson's report to the Secretary of Commerce summarizes the thinking of the major segments of industry at present.

• **Demand for Facts**—Wilson pointed out that the next two decades are bound to bring increasing demand from consumers for facts on the quality and performance of the things they buy. This will necessitate many new standards. Government, he stressed, would be justified in taking jurisdiction only if the matters dealt with were predominantly for compulsory standards involving health, personal safety, or the protection of property as in the case of foods and drugs.

He strongly advocated the expansion of A.S.A. to take on enlarged responsibility, and he stressed the retention of the voluntary principle. As to the role of the government, he would have it act only as an auxiliary; the Bureau of Standards and other federal agencies would provide facts, measurements, and other technical assistance.

• **Wallace's View**—In a letter to Wilson, Henry Wallace, who had replaced Jones as secretary, agreed in considerable part to the recommendations

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INVENTORY**

+

**OUR
WAREHOUSE
RECEIPTS**

=

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Let York-Shipley engineers, distributors, and dealers plan your new boiler room. Industrial Division, York-Shipley, Inc., York, Pa.

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AMERICA'S MOST COMPLETE LINE
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Special Equipment Speeds Output



Increased safety, greater accuracy, and higher output are being obtained by use of an automatic die at the Fort Wayne plant of International Harvester Co. With a rotating work holder (above), blanks are fed into the press from outside the range of moving parts, accurately positioned for coining and straightening, and automatically ejected.

King-size welders (right) straddle the sides of stainless steel truck trailers during assembly at Fruehauf Trailer Co., Fort Wayne, Ind. In assembling the nose and side pieces, engineers found the clamping action of the ordinary welding gun unusable. The special welders eliminate separate clamping of the work, are easily positioned by one operator.



of the policy committee. He indorsed the expansion program for A.S.A. and stated that the government would willingly provide scientific, technical, economic, and marketing data for its use and the use of other organizations. But by this last phrase, he indicated that, in his view, A.S.A. should not have sole jurisdiction and that other groups might operate in the standards field. He also indorsed the principle of voluntary standards.

He balked, however, at the suggestion that the Dept. of Commerce withdraw from the field of initiating and publishing standards. He contended that the department has a statutory responsibility in this area. And he asserted that there might well be circumstances where the Dept. of Commerce and the Dept. of Justice might prevent misinterpretation of industry agreements on standards and thus avoid conflict with the antitrust laws.

He stated that the Dept. of Commerce was prepared to encourage A.S.A. facilities for initiation, development, and publication of standards—if A.S.A. reorganized its procedures so that it

could perform trade-standards services to the satisfaction of all groups interested in standards.

• **Harriman's Stand**—With Wallace out of the picture, much importance attaches to the views held by the new Secretary of Commerce, W. Averell Harriman.

Harriman indorses the principles set forth in the Wallace letter, namely that the department will be "happy to see A.S.A. extend its activities, strengthen its associations, and accelerate the rate of time needed to work out standards." Harriman also agrees with Wallace that the department has a pilot function to perform in commercial standardization.

This work, he believes, should continue—at least for the years immediately ahead, until A.S.A. has demonstrated its ability to handle the problem. He believes that it will take a number of years to accomplish this. Meanwhile, the department will continue its work in the preparation and publication of voluntary standards agreed upon by industry groups. Business, labor, and the consumer, in Harriman's opinion, would

not at the present time want the department to drop this service.

A Big But—In other words, the government is willing to give industry a leading role, is desirous of seeing an expanded A.S.A., and is prepared to make government's testing and fact-finding facilities available to A.S.A. and other groups. But it is not prepared to abdicate from the field of initiating and promulgating voluntary trade standards.

The government is saying, in effect, that A.S.A. is not yet ready to take on the role of national clearinghouse for America's standardization program. But industry leaders are quick to point out that the government itself is far from prepared to do it alone, either.

Government Setup—As things stand the Divisions of Simplified Practice and of Trade Standards are set up in the Bureau of Standards to carry on this work for industry.

Since its inception in 1921, the Division of Simplified Practice has developed more than 200 recommendations; many of them have had several revisions. Government studies of many products have indicated that about 80% of the business is normally done in 20% of the varieties handled. Therefore, the purpose of this division is to help industry groups reduce the variety of unnecessary types and sizes of manufactured articles for stock purposes.

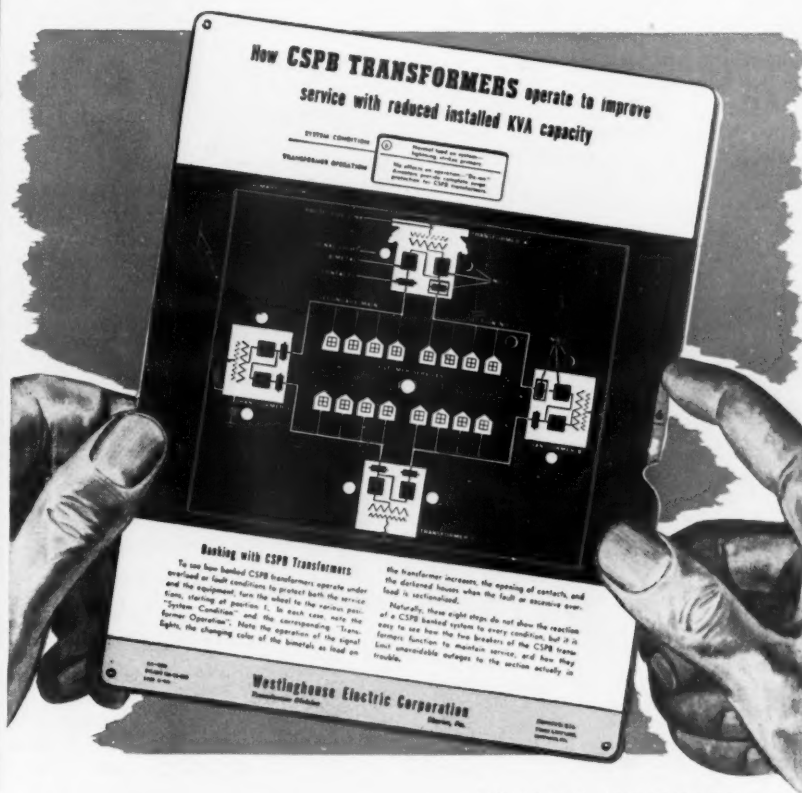
How It Works—Work proceeds along these lines: The division does not initiate a simplification program but acts on suggestions from manufacturers, distributors, or users. A survey is made by industry representatives under the auspices of the division to show the percentage of demand for each type, size, or variety during a year, based on figures from interested groups. The industry committee then formulates a simplified list of necessary stock items with the help of the division. Interested parties receive copies of the list agreed upon. Time is allowed for any changes, after which a final list is sent around with an acceptance blank.

When the volume of acceptance is sufficient to justify it, the Bureau of Standards indorses the program and publishes the recommendations including a list of accepters. Acceptance of standard is not binding on manufacturer, distributor, or consumer. Any acceptor has the right to depart from simplification lines, and he is free to develop new and improved products.

Commercial Standards—The Division of Trade Standards was set up in 1927. Since then, it has helped industry to set up 135 commercial standards for a wide variety of commodities.

These commercial standards describe methods of testing, rating, certification, and labeling; and are made effective by voluntary guarantees on invoices and labels or by grade marks on the goods.

Perrygraf Visualizer Helps* Westinghouse Sell CSPB Transformers



BUILDS PROFITS These 8 Ways!

Perrygraf Product Selectors, Calculators, Visualizers and Demonstrators will . . .

1. Focus demand on the most profitable items.
2. Save selling time with fingertip control of information about your product.
3. Make your sales story easy to grasp—easy to remember.
4. Suggest your product names when purchases are being considered.
5. Make it easy to specify your product.
6. Make your product easier for distributors' salesmen to sell than any other.
7. Inject a new selling tool into your sales and advertising program.
8. Help to build cream prospects lists for only a few cents per name.

You Merely Define the Problem ... We Do the Rest

Perrygraf designers are experienced in putting complicated information into simple, inexpensive graphic form. You simply tell us your problem. We promptly submit designs and prices—without obligation.

Write for folder and samples. Address Planning Department, Perrygraf Corporation, 1500 Madison Street, Maywood, Illinois.

How to tell the CSPB transformer story visually—quickly—inexpensively—to thousands of transformer prospects—was a recent Westinghouse problem.

A mechanical demonstrator was made. It was effective, but only a few people could crowd around it at a time. And formal sales meetings had to be arranged in advance.

Then someone suggested a Perrygraf visualizer. A simple rotating disc device was promptly developed and manufactured by Perrygraf Corporation for a few cents each. A move of the disc changed the picture to show how dangerous overloads flash signal lights and open circuit breakers, and also how lightning arresters provide complete surge protection.

Thousands of these visualizers were given to men who buy transformers. Overnight prospects were telling themselves the Westinghouse story and having fun doing it.

"Salesmen and customers are enthusiastic," says Mr. R. D. Rung, Manager of Westinghouse Distribution Transformer Sales.



PERRYGRAF

Corporation

1500 Madison Street, Maywood, Illinois

Phone Maywood 234

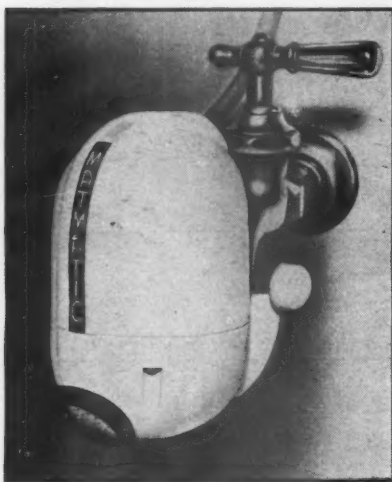
designers and
manufacturers
of Perrygraf
Visualizers, Demonstrators,
Calculators, Product Selectors

NEW PRODUCTS

Tap-Water Heater

Hot water from almost any faucet is the claim for a new portable water heater produced by MatMatic Home Appliances Division of Matam Corp., Long Island City, N. Y. The appliance is attached to a faucet by a single screw and plugged into the nearest electric outlet. Temperature and flow of water are controlled by the regular faucet handle.

A signal light flashes on whenever



the unit is operating. Heated water is discharged through a faucet-level outlet, permitting full use of the bowl or sink over which the device is mounted. The manufacturers expect the unit to find uses in summer cottages and on farms, and in modern homes as an emergency device.

Availability: early spring delivery.

Finish Remover

Stripping synthetic enamel and other coatings from large objects which cannot be immersed conveniently is the function of Enthone. The manufacturer is Enthone, Inc., 442 Elm St., New Haven, Conn.

The stripper consists of a slightly viscous liquid that can be brushed or sprayed on, or applied by dipping. It contains a nonwaxy evaporating retardant that keeps it on the work until stripping action is completed. The finish wrinkles, and then can be brushed, wiped, or scraped off.

Most synthetic enamels, urea-formaldehyde, melamine, and alkyd coatings, are among the finishes easily stripped by the liquid. It is not recommended for linseed oil paints, phenol-formaldehyde enamels, or vinyl type coatings. The manufacturer states that no waxy resi-

due is left to interfere with subsequently applied finishes.

Availability: immediate delivery.

Bottle Filler

Positively drip-proof operation is featured by the Minivac Bottle Filler, according to Shannon Industries, Inc., 33 W. 42nd St., New York. The machine is intended for filling hand-blown and molded miniature bottles of any design. The vacuum filling unit is controlled electronically.

An air blast device makes it possible to clean bottles with filtered air. This insures freedom from dust, lint, and other foreign matter. Minivac will also empty bottles for reclaiming the contents.

The 17-lb. unit is portable and operates on 110 v., a.c., or on d.c. All parts are chrome-finished and protected by a dustproof cover.

Availability: immediate delivery.

Versatile Lathe

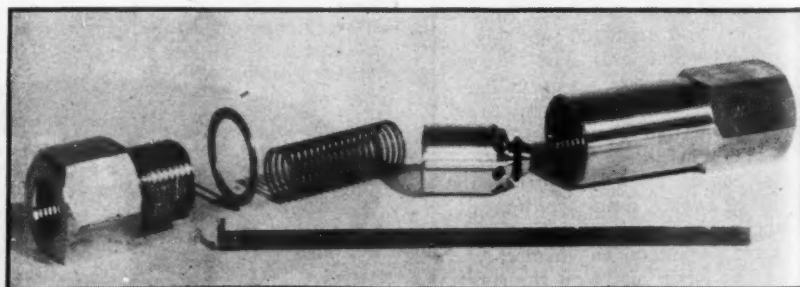
Secondary spinning operations on products previously drawn in presses is accomplished by a lathe produced by E. W. Bliss Co., Detroit 2. The new equipment will bulge, curl, neck, bead, wire, flange, and trim a variety of drawn or spun shells at a rate commensurate with the primary operation.

Frame is of welded steel construction with a fully inclosed V-belt motor drive and gear box. A combination multiple-disc friction clutch and brake insures instant stopping and starting. An offset adjustment of the tail-stock permits use of inside form rolls, eliminating the need for use of sectional chucks in necking operations.

Availability: delivery in three to four months.

Rugged Valve

A new check valve (below) made by Mansfield & Green, 4601 Euclid Ave., Cleveland, is designed to operate without leakage or loss of pressure, even with grit in the system. The valve reportedly



functions normally at pressures as high as 10,000 psi. despite the presence of grit .010 in. in diameter.

The valve incorporates a metal-to-metal seat, plus a rubber or synthetic rubber ring-seal on the poppet. Line pressure forces the ring to the metal seat; the force varies directly with the pressure, assuring greater sealing power at higher pressures.

Availability: delivery in four weeks.

Pressure Gage

A compact new device for measuring pressure in hydraulic systems, the Hydrauliscopes, has been developed by Aeroquip Corp., Jackson, Mich. The



unit is based in part on the strain-gage principle. Minute variations in pressure on a wire in the measuring gage vary the electrical resistance, which is measured and amplified electronically.

The Hydrauliscopes translates the pressure on the strain gage into vertical deflections on a cathode ray oscilloscope. The manufacturer asserts that the usual limitations of low-frequency response have been eliminated. Output characteristics are flat up to high frequencies, making the instrument especially applicable in installations where pressure indications may vary from steady to high-frequency pulsations.

The unit consists of a 50-lb. cabinet of desk size, containing all electronic equipment, plus the pressure pick-up element. It can be furnished with at-



Stay on "Safety Street"

*The Policy Back of the Policy—Our way of doing business
that makes your interests our first consideration*

WE'D like to make every street a 'Safety Street'—with your help!"

This worthy goal of the School Safety Patrol deserves active support whenever you drive your car. Increased accidents, costlier court judgments, expanding financial responsibility laws, have made safety more than ever your personal concern. They underline your need for constant driving care—and for the best automobile insurance you can obtain.

Hardware Mutuals *policy back of the policy* means not only low cost, full-standard auto insurance, but a host of other advantages that add to your security and peace of mind. These include prompt claim settlements without red tape, and speedy, capable service in your best interests by highly trained representatives who deal only in insurance.

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savings—of which over \$100,000,000.00 have been returned to policyholders since organization.

Join the over half a million policyholders who are taking advantage of the plus-protection and savings that go with all types of Hardware Mutuals insurance. Licensed in every state—offices from coast to coast.

*Automobile, Workmen's Compensation and other forms of
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Hardware Mutuals

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HARDWARE MUTUAL CASUALTY COMPANY

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A Graybar

"Teletalk" Specialist Will Give You Complete Information

If you're tired of long delays in getting information from other individuals or departments in your organization, you are a prospect for a "Teletalk" intercommunication system.

"Teletalk" is a quality product with natural tone free from buzz or hum. It is available in a wide range of models to fit the requirements of business—large or small.

The use of "Teletalk" intercommunication systems by an organization will save many hours of wasted time.

The Graybar Organization has a group of "Teletalk" specialists with wide experience who can advise you regarding your requirements. Feel free to call them for discussion of your problem. You'll find Graybar branches listed in the intercommunication section of your phone book. However, if the listing does not appear in your city, write to the address below.

GRAYBAR ELECTRIC COMPANY, INC.

Graybar Building, New York 17, N.Y.



tachments permitting photographic record of the curves on the screen.

Availability: one month or longer.

Light Lifter

Aluminum alloy construction is incorporated in the new Universal jack announced by Aircraft Products, Inc., 4 S. Main St., Dayton, Ohio. Although it weighs only 60 lb., the new curbstone model has a two-ton capacity. Instantaneous booster action and high-



powered lifting force are provided by a unique single-piston principle. The hand lever is detachable.

Availability: immediate delivery.

Quick Peeler

The Rapid, a new peeling machine designed for restaurant and home use, is manufactured by Seamless Products Co., Inc., 555 W. 54th St., New York. The machine consists of a fixed spear, rotated by handpower between two peeling blades. The fruit or vegetable to be peeled is placed firmly on the spear, the handle is turned clockwise, and the spear revolves past the blades which strip off the skin. Eleven revolutions are said to peel the fruit or vegetable completely.

After the peeling, the machine is returned to its original position by pressing a release lever. Ball-bearing construction is designed to reduce effort to a minimum.

Availability: deliveries beginning late in April, 1947.

Fire Proof Tubing

Designed for applications where fire or conducted heat is a hazard, a new tubing is in production at Bentley, Harris Mfg. Co., Conshohocken, Pa. This insulation, known as Ben-Har, will not support combustion even in direct contact with flame.

Constructed of specially treated Fiberglass, the tubing is extremely flexible and will not stiffen in use. The manufacturer states that it can be spread to cover

knobs or terminals without fraying or cracking.

Ben-Har is available in two grades with dielectric strengths: 5,000 v. to 7,000 v., or 2,500 v. to 4,000 v. Standard sizes are made in black, red, and yellow for easy circuit identification.

Availability: delivery in three weeks.

Home-Freeze Package

Sealright Co., Inc., Fulton, N. Y., has announced a new frozen food container. It is designed specifically for use in home freezers and in locker plants. Called Thermorex, the leakproof cylindrical container has a laminated inner surface designed to check moisture loss, keep odors out, and lock flavor in. No special preparation of the container is necessary; the cover is placed on the filled receptacle, and it is placed in the freezing unit.

The containers are marketed in lots of one dozen, packed in sealed carry-home bags.

Availability: through retail outlets, in time for next freezing season.

Adjustable Scaffold

Hydraulically operated adjustable work stands are being made for general industrial use by Airquipment Co., Bank, Calif. Designed originally for aircraft uses, Aerostands now are intended to take the place of cumbersome scaffolding and special workstands.

Working levels from 3 ft. to 24 ft. are possible, according to the individual model. Work platforms of 16 sq. ft. with a maximum static load capacity of 1,500 lb. are available. The unit features self-adjusting steps which maintain their position parallel to the ground regardless of the working angle of the stand. All models are equipped with guard rails and skid-proof surfaces on platforms and steps. Frames are constructed of welded tubular steel mounted on swivel casters with caster locks.

Availability: delivery in 30 days.



BRIGHT PICTURE!

fraying

two grades
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N. Y., ha
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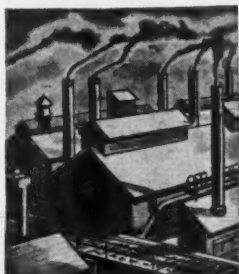
40, 43 and Even 59 Years of Trouble-Free Service with A-C Installations

Indianapolis, Indiana

Installation 1907
Allis-Chalmers
even blowers and
engines in one of
the big steel plants.

Performance

40 years of service,
units are still turn-
ing waste gas into
power.

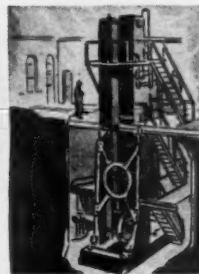


New York City

Installation 1904

Nine 12,000 h.p. A-C steam engines, once most
powerful in the world, for the subway system.

Performance — All 9 engines still generating
power after 43 years of economical operation.



Milwaukee, Wis.

Installation 1888

Allis-Chalmers screw
pumping engine for the
City to move water
through half-mile tunnel.

Performance

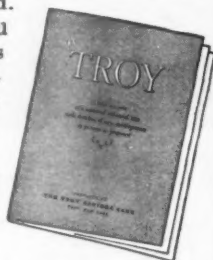
Pump still operating
after 59 years. Steam
power unit replaced by
an A-C motor in 1916.



Workers like Troy ... as a recent survey proved, showing that 95% of all Troy war workers intend to settle there permanently. And no wonder! For Troy has a climate that's neither too hot nor too cold ... with surroundings of natural beauty, and with superb recreational facilities at hand.

The industrial "Who's-Who" of Troy is growing rapidly—as manufacturers, processors and distributors discover the advantages of this city ... unique in transportation ... by rail, water, highway or air ... convenient to many sources of raw materials ... offering an unusual labor supply ... and "round the corner" from more than 32 cities of over 100,000 population (3 with over 2,000,000).

The Troy story has been told in a new illustrated book that will be mailed promptly by application on your letterhead. It may help you solve a business location problem ... because the Trend is to Troy! Please address Research Department.



The TROY SAVINGS BANK
TROY, NEW YORK
Member Federal Deposit Insurance Corporation

FINANCE (THE MARKETS—PAGE 106)

What's Young Getting?

New York Central—far from the investment plum it used to be—still offers interesting possibilities to a man dreaming of a new rail empire. Question: Can he make it?

"From now on ... count New York Central as a Robert R. Young property."

That is the jubilant victory chant of Cleveland investment banker Cyrus S. Eaton, long a prominent member of the Young clan.

Assuming that Eaton is right, what has Young bought?

• **It's Big, But**—In the over-all railroad scene, the New York Central still looms large. It is one of the nation's biggest systems from the standpoint both of assets and of miles of road operated. Only one other road produces more revenues or handles more passengers.

Like the old gray mare, however, Central "ain't what she used to be." Since 1929 it has very definitely retrogressed from its former high investment standing; in earnings, it is now strictly a marginal road. The good old days when stockholders could regularly count on annual profits of \$13 to \$17 on common stock and on yearly dividends of \$7 or \$8 have long since passed.

Central continues to suffer from the ills that have afflicted the rail industry in recent decades (BW—Dec. 22 '45, p63). It underwent a sharp contraction in

earning power soon after the boom of the 1920's burst (box). And the war failed to solve many of its post-1929 problems. Despite \$21,142,000 of tax carryback credits, it chalked up a loss of \$10,448,000 for 1946 after fixed charges and rentals.

• **Cutting Its Debt**—Thus far Central has promptly met its interest and maturity obligations. It hasn't neglected, despite its sad picture since 1929, efforts to slash the debt load that has grown so onerous.

Since 1932 it has retired well over \$250,000,000 of debt. It has cut fixed charges by almost one-third. It hasn't had to strip the cupboard bare to do this. Cash assets recently totaled some \$137,000,000. Working capital was around \$111,000,000, the equivalent of three years of fixed charges.

This doctoring in the past decade has greatly helped the Central. But it hasn't effected a permanent cure. Few Wall Street rail specialists expect the road to show any very impressive earnings power soon. Neither do various state banking authorities. Lately some of them have been lopping a num-

New York Central—The 1929-1946 Record

	Gross Revenues	Fixed Charges	Net Income	Earnings Per Share	Dividends Per Share
1929	\$590,008,623	\$58,062,894	\$77,428,584	\$16.70	\$8.00
1930	478,918,348	58,457,075	35,981,792	7.21	8.00
1931	382,190,183	58,615,059	2,430,101	0.49	4.00
1932	293,636,140	59,973,094	D18,256,400	D3.66	—
1933	283,341,102	59,619,276	D5,412,514	D1.03	—
1934	295,084,881	59,655,064	D7,682,335	D1.54	—
1935	310,192,980	58,371,345	115,045	0.02	—
1936	361,063,872	57,141,550	8,933,175	1.79	—
1937	366,226,126	52,197,064	6,352,612	0.99	—
1938	298,681,195	49,230,764	D20,154,357	D3.13	—
1939	341,086,708	48,103,444	4,509,236	0.70	—
1940	370,545,875	48,982,854	11,265,084	1.75	—
1941	447,789,655	48,805,772	26,245,562	4.07	—
1942	593,666,096	48,513,449	49,082,182	7.61	—
1943	706,124,833	45,336,457	62,734,050	9.73	1.50
1944	714,963,385	46,187,801	35,789,939	5.55	1.50
1945	654,363,799	44,075,835	24,412,525	3.79	1.50
1946	616,784,755	E40,500,000	D10,447,600	D1.62	1.00

D—Deficit. E—Estimated.

ber of Central issues from so-called "legal lists" of securities.

• **Losing Battle**—The cause of this pessimism is easily explained. Many yardsticks indicate that Central has been waging a losing fight against other forms of transportation since 1929; that it is doing far more poorly in this respect than the industry as a whole.

This is revealed by the showing in the rails' best wartime year. In that period Pennsylvania R.R., Central's greatest rival, had revenues 48% above 1929 levels (gross of all Class 1 roads was up 50%). Central, however, could point to only an 18% rise. By 1945, it was accounting for less than 7.5% of national rail revenues, compared with its 10% share in 1929.

Not all these statistical declines represent a direct loss of traffic to competitors. The fight for business in Central's area has brought about pressure on rates. This has also hit revenues. And average revenue per passenger per mile in the decade through 1945, for example, fell from 2.24¢ to 1.93¢.

• **Sensitive to Labor Costs**—Another unfavorable factor is the fact that Central is more vulnerable than most roads when operating costs are rising. This is due to its bigger-than-average passenger business, the diversification of its freight traffic (which increases handling costs), and its expensive terminal facilities.

It is particularly sensitive to any up-trend in payrolls. Wages and salaries, for example, accounted for about 58% of all Central's 1945 operating expenses compared with only 43% in the case of all Class 1 carriers. Payrolls also accounted for 51¢ of each \$1 of gross income. The sharp 1946 hike in rail wages thus was a severe blow. And reports that 1947 will see new wage demands obviously becloud Central's near-term earnings outlook.

• **Question**—Why then does Young hanker to control Central?

According to Young, now vacationing with the Duke and Duchess of Windsor at Palm Beach, the motives behind his Central venture are varied but all quite altruistic.

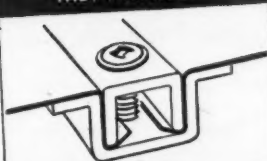
From Florida, almost daily communications tell of new moves in Young's campaign, reveal more details of how his Alleghany Corp. became Central's largest stockholder. Its initial interest (BW-Jan. 18 '47, p. 74) has been quickly upped to 309,500 shares, 4.8% of the 6,447,000 outstanding. (Alone it can now out-vote Union Pacific R.R.'s 160,000 shares and chairman Harold S. Vanderbilt's 60,000 shares, the two hitherto largest holdings.)

The rich Alleghany-controlled Chesapeake & Ohio Ry. is bidding for still more Central stock. Until Feb. 11 it will consider the tender of additional Central shares. (C. & O. has already been offered Alleghany's own block of Cen-

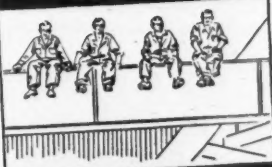
These are panels of LINDSAY STRUCTURE

Modern, Efficient
method of assembly
of light
sheet metal

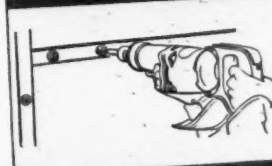
THEY PROVIDE—



LIGHTNESS



STRENGTH



EASE OF ASSEMBLY



COMPACTNESS IN SHIPPING

PUT THEM TOGETHER
AND SOLVE YOUR "HOUSING PROBLEM"

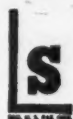
For neatness, strength, lightweight, and ease of assembly, investigate this proved, easy method of building cabinets and housings, dryers, buildings, and many other types of structures.

Lindsay Structure assemblies can help you speed up your production of cabinets, housings, and truck bodies. With Lindsay Structure no tooling up is necessary—no special machinery is required. No riveting, no welding, no waste.

It's easy to order Lindsay Structure units. Specifications are developed and a complete assembly—panel sheets, framing members, fittings, all die-formed, die-cut, die-rolled to exact dimensions—is shipped to you knocked down and ready to be put together in your factory or on the spot anywhere.

Investigate this modern method of weight-saving construction in steel or aluminum. It can save you time and labor. Write to The Lindsay Corporation, 1728-25th Ave., Melrose Park, Ill. Sales Offices: New York, Atlanta, San Francisco, Montreal.

LINDSAY



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U. S. Patents 2017629, 2263510, 2263511
U. S. and Foreign Patents and Patents Pending

THE MODERN METHOD OF LIGHT METAL CONSTRUCTION

This is under no circumstances to be construed as an offering of these Debentures for sale, or as an offer to buy, or as a solicitation of an offer to buy, any of such Debentures. The offer is made only by means of the Offering Prospectus.

New Issue

\$25,000,000

The Firestone Tire & Rubber Company

Twenty-Five Year 2% Debentures

Dated January 1, 1947

Due January 1, 1972

Price 100% and accrued interest

Copies of the Offering Prospectus may be obtained from only such of the undersigned as may legally offer these Debentures in compliance with the securities laws of the respective States.

Harriman Ripley & Co.
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The First Boston Corporation

Lazard Frères & Co.

Glore, Forgan & Co.

Kidder, Peabody & Co.

Stone & Webster Securities Corporation

Lee Higginson Corporation

Hayden, Stone & Co. Merrill Lynch, Pierce, Fenner & Beane White, Weld & Co.

W. E. Hutton & Co.

F. S. Moseley & Co.

Hemphill, Noyes & Co.

Paine, Webber, Jackson & Curtis Hayden, Miller & Co. Spencer Trask & Co.

January 28, 1947.



Chairman of the New York Central R.R. is Harold S. Vanderbilt. Now that Robert R. Young interests have rounded up the largest block of Central stock, Vanderbilt's 60,000 shares make him the third largest stockholder. Second is Union Pacific R.R.

tral stock at a price somewhere around its cost.)

• **Motives**—These operations, Young said last week, represent only one of several steps he is now taking in order (1) to eliminate "banker-domination" from the rail picture; (2) to force modernization of rail equipment and operating methods; and (3) to remake the railroads into a competitive industry again.

Not a word has Young said lately regarding his earlier, much-publicized dream to establish a coast-to-coast rail system. But Wall Street hasn't forgotten his earlier remarks. Cynical Wall Streeters claim his ambition for a transcontinental road—a goal that eluded so many rail barons in the past—is the driving force behind his current move on the Central.

• **Attractions**—As the eastern segment of any transcontinental system Young has in mind, Central would be a "natural." It bypasses few important cities or big traffic producing areas lying between New York City and St. Louis and Chicago, and it traverses prosperous Canadian regions. Central also controls many strategically important traffic-interchange agreements with other roads. And it maintains extensive terminal facilities at the important Atlantic ports of New York and Boston.

But these are not all its attractive physical qualities. Central's New York-Chicago line is the only route from the

SUPERIOR

is the word for

R.C.Allen



These features of the R.C. Allen 10 KEY CALCULATOR make it a truly outstanding business machine

- ★ It adds, subtracts, multiplies
- ★ It has fully automatic division
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- ★ It clears with touch of single key
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- ★ It occupies less desk space than a letterhead
- ★ It is small, versatile, dependable...

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10 KEY CALCULATOR

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10 KEY Calculators, Portable and Standard Adding Machines, Bookkeeping Machines, Cash Registers and Calculators

R.C.Allen Business Machines, Inc.

GRAND RAPIDS 4, MICHIGAN

UNIVERSAL PICTURES

Company, Inc.

Pictures of Distinction

UNIVERSAL PICTURES COMPANY is now devoting its creative and technical resources to the production of pictures of outstanding distinction. The production of so-called "B" pictures, Westerns and serials has been eliminated.

It is our belief that the trend among the millions of moviegoers both in America and in countries overseas is toward increasing selectivity in their choice of screen entertainment.

Implementing this new production policy, Universal Pictures has acquired the entire assets of International Pictures Corporation, and the production organizations of the two companies have been merged. This combination of creative and technical talent, story properties and star contracts gives Universal one of the strongest production organizations in the motion picture industry.

William Goetz and Leo Spitz, outstanding producers, who headed International Pictures, have been placed in full charge of Universal's production activities at the studio. The company's productions now carry the trade mark of Universal-International Pictures.

In addition to 25 pictures of distinction being produced at its own studio, Universal Pictures has arranged for the exclusive distribution in this country and in Central and South America of British pictures produced by the J. Arthur Rank Organization, with the exception of 2 to be handled by another company and 5 to be distributed annually by Eagle-Lion.

For Your Entertainment

UNIVERSAL-INTERNATIONAL Presents:

The Egg and I—from Betty MacDonald's Best-Seller; Claudette Colbert and Fred MacMurray.

Time Out of Mind—from Rachel Field's novel—Phyllis Calvert, Robert Hutton, Ella Raines.

Song of Scheherazade—Yvonne De Carlo, Brian Donlevy, Jean Pierre Aumont—in Technicolor.

My Sister Sam—starring Joan Fontaine, Patric Knowles, Herbert Marshall and Richard Ney.

All Be Yours—Deanna Durbin, Tom Drake, William Bendix and Adolphe Menjou.

Portrait in Black—starring Joan Crawford.

Smash-Up—The Story of a Woman—Susan Hayward, Lee Bowman, Marsha Hunt, Eddie Albert, Bill Gay—Sonny Tufts and Ann Blyth.

The Exile—starring Douglas Fairbanks, Jr.

Love Girl—in Technicolor, starring Yvonne De Carlo and George Brent.

Back to Back—Private Come Home—Abbott and Costello.

Wives of Men—in Technicolor, starring Maria Montez and Rod Cameron.

The J. Arthur Rank pictures shown here have been very favorably received. Critics and the public have been quick to recognize the outstanding quality of "Stairway to Heaven," "Henry V," "Caesar and Cleopatra," "Seventh Veil" and "Brief Encounter," to mention only a few. Box office results indicate that these British pictures offer a type of entertainment the American public wants to see. And as the British stars become more widely known here, there will be even greater interest in their forthcoming pictures.

U. S. MARKET FOR BRITISH FILMS

These arrangements to distribute British pictures in this country mark the beginning of an earnest effort to provide the British film industry with an opportunity to add materially to the world-wide earnings of their pictures. It is our opinion that their pictures should have the same opportunity to earn revenues in this country as our pictures have in Britain.

This agreement presages a new era of co-operation in the motion picture industry. It not only provides the opportunity for the American public to see the best British product but paves the way for the exchange of acting, writing and directorial talent between United States and Great Britain.

ENTER 16MM.—8MM. BUSINESS

Marking the entrance into an important new field, Universal Pictures has organized a new subsidiary, United World Films, Inc., to produce and distribute 16mm. and 8mm. entertainment, educational, religious and newsreel films. This subsidiary has purchased the assets of Castle Films, Inc., a leading producer-distributor of 16mm. and 8mm. films, and also the film library and distributing set-up of Bell & Howell Co.

FINANCIAL PROGRESS

Net profit for the fiscal year ended Nov. 2, 1946, was \$4,565,219, equivalent to \$5.32 per share on 827,119 shares of common stock outstanding at the end of the fiscal year, after providing for dividends on the 4¼% preferred stock. This compared with \$3,910,928, or \$4.86 per share, a year ago.

The cost of selling and distributing motion pictures is likely to be increased as the result of a recent court ruling requiring changes in the industry's marketing methods. This was one of the factors that led the Universal management to adopt its new policy of producing only pictures of distinction. Naturally, however, it will take a reasonable period of time for these new production and distribution policies to become completely effective and reflect themselves in the company's over-all operations.

Characteristics of the

MOTION PICTURE INDUSTRY

It is surprising how few people seem to have any real understanding of how the motion picture industry operates as a business.

Few seem to realize that beneath the industry's Hollywood glamour there is a great basic stability.

The industry has an established market of over 90,000,000 paying customers a week in this country alone and upwards of 200,000,000 a week throughout the world.

It is a strictly cash business—one of the largest cash businesses in the world.

It had a cash income of over \$1,500,000,000 in this country alone last year. World revenues were over \$2,000,000,000.

It is one of America's great export industries. It is one of the few American industries whose product sells in every country in the world.

It is the No. 1 salesman of American goods throughout the world.

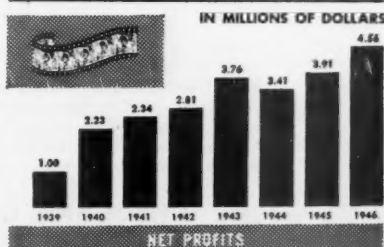
It is a relatively young industry. It has initiative and is aggressive.

It is an industry with tremendous long-term growth prospects.

It is one of the last industries to feel the effects of a depression. During hard times, going to the movies is one of the last things people care to give up.

When general business starts to pick up, the motion picture industry is among the very first to respond. Few industries enjoy such a high degree of resiliency.

Although the motion picture industry is often thought of as highly speculative, actually it has as many factors making for basic stability as any other leading industry, and more than most.



PROGRAM FOR CURRENT SEASON

Universal's line-up of current and coming productions will be the strongest in its history. Under the new Universal-International banner, top ranking stars are appearing in productions with outstanding story values, including best-selling novels and Broadway stage successes. These pictures are being directed and supervised by directors and producers who have to their credit some of the most successful pictures turned out in Hollywood.

J. CHEEVER COWDIN, Chairman
N. J. BLUMBERG, President

A copy of the Annual Report will be furnished on request to Universal Pictures Company, Inc., Rockefeller Center, New York 20, N. Y.

This advertisement appears as a matter of record only and is under no circumstances to be construed as an offering of these securities for sale, or as a solicitation of an offer to buy any of such securities. The offering is made only by the Prospectus.

1,342,192 Shares
Common Stock
(Par Value \$5 Per Share)

Central and South West Corporation

(to be known as Central and South West Utilities Company
until merger agreement becomes effective)

Price \$12 per Share

Copies of the Prospectus may be obtained in any State from such of the several Underwriters, including the undersigned, as may lawfully offer the securities in such State.

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Lazard Frères & Co.

A. G. Becker & Co.
Incorporated

Eastman, Dillon & Co

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Kidder, Peabody & Co. Lee Higginson Corporation Laurence M. Marks & Co.

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Shields & Company

White, Weld & Co.

January 30, 1947

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GASOLINE ENGINE CHAIN SAWS

In forests, parks and on farms . . . in dock yards and on construction areas . . . in mines and on rights-of-way, Mall Chain Saws handle heavy cutting jobs faster . . . and easier. The time and labor saved by these modern power saws plus the increased volume produced slash sawing costs and speed up operations. Also pneumatic and electric models. Immediate Delivery. Write for complete information. Demonstrations can be arranged.

**CHAIN SAW DIVISION
MALL TOOL COMPANY**
7768 South Chicago Ave.
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Eastern Seaboard to the Great Lakes with uniformly low grades. And its more than \$2 billion of assets include sufficient important nonrail properties to supply some \$19,000,000 of annual non-operating income.

Moreover, Young no doubt believed that Central's poor earnings since 1929 have been largely the result of unprogressive management; that the picture would have been vastly different had his group held control. And he may be right. There has been a sharp change for the better in the Pere Marquette and New York, Chicago & St. Louis (Nickel Plate) systems since Young-management assumed control.

• **Nickel Plate's Future**—Would Young control of Central presage a disposal of C. & O.'s present dominating stock interest in Nickel Plate? That's a harder question to answer. Wall Street is trying to figure out what might happen.

Central and Nickel Plate are bitter competitors in the area between Buffalo (Nickel Plate's eastern terminus) and Chicago and St. Louis. And there is no question that in many ways Nickel Plate has managed often to beat Central to the punch.

Nickel Plate's 1946 revenues, for example, were almost one-third greater than in 1929, compared with the meager 4½% gain revealed by its much bigger rival. It earned almost \$120 on its common stock in the 1936-45 period; Central had to be content with less than \$33. And last year alone Nickel Plate could boast of earnings of \$10.09 vs. Central's substantial deficit.

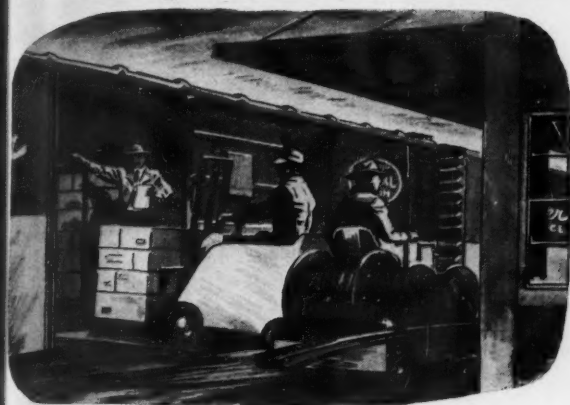
• **Has Much to Offer**—However, much of Nickel Plate's excellent showing has been engendered by the huge amounts of traffic turned over to it by the other Young-dominated roads. Recently, in fact, it was estimated to be receiving from affiliates some 25% of all the loaded cars it handled, and turning over in return only 8%.

Then, too, Young has been miffed at Nickel Plate minority stockholders since they blocked his proposed merger of the road with C. & O. (BW—Nov. 3 '45, p. 20). Thus he might well like to get rid of the property, replace it with Central, and pass on to the latter the freight load now helping Nickel Plate so greatly.

• **Problems**—Wall Streeters generally are not yet willing to accept Eaton's recent song of victory at its face value. Eaton has long been one of Young's most stalwart cohorts in much-publicized crusades against "banker-domination." And Wall Street knows that 4.8% stock ownership doesn't always assure working control of a company.

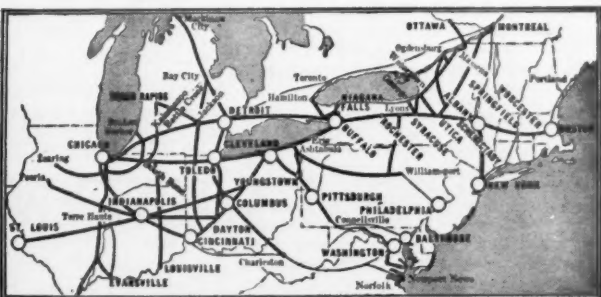
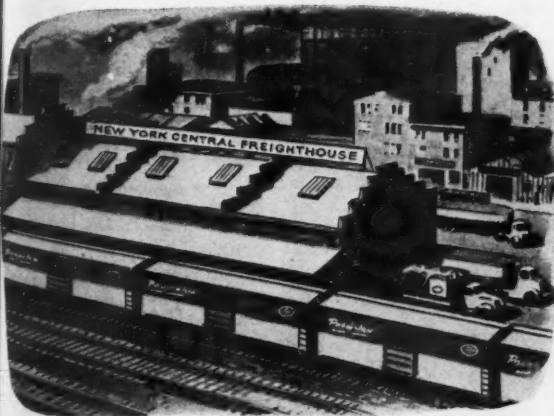
Other problems in the situation may complicate Young's plans. According to a recent Interstate Commerce Commission ruling, any holdings within the Alleghany family of "outside rail stocks" must be placed with a trustee. Thus at

"Our Freight makes 'SLEEPER JUMPS' on New York Central"



1. LATE LOADING. "As Traffic Manager for a department store chain, I count heavily on Central's convenient freight service. Suppose our Cleveland store wires our district warehouse to rush merchandise for a special home furnishing event. A truck will pick up the shipment for that night's train."

2. MERCHANDISE PULLMANS. "Our shipment moves by night in one of the fast freights that link key markets all along New York Central's 11,000-mile system. Hundreds of new, smooth-riding, high-speed cars—regular merchandise 'Pullmans'—have recently been added to Central's freight fleet."



3. CENTRAL LOCATIONS. "Dependable, night freight service puts our warehouses along New York Central within 'sleeper jumps' of many of the stores they supply. And that's just one of the competitive advantages we get from having strategic 'Central locations' within the area of America's most concentrated buying power."

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Call on New York Central for expert help in handling your Carload or L.C.L. shipments, or locating a plant site with the special advantages you need. Contact the nearest representative of New York Central's Industrial Department, or our local Freight Agent . . . or write Freight Traffic Department, New York Central System, 466 Lexington Avenue, New York 17, N. Y.

New York Central works for you night and day when your plant has a "CENTRAL" location.

CONCENTRATED in New York Central's territory is 52% of U. S. buying power.

ELECTRIC power at low cost and pure water for industrial uses are plentiful here.

NEW specialized cars are adding to New York Central's 158,000 freight car fleet.

TRAVELING personnel benefits from the all-weather service of Central's Great Steel Fleet.

RAIL service via Central reaches ports handling 80% of Atlantic coast foreign trade.

AREA produces 75% of U. S. bituminous coal and steel, plus many other materials and supplies.

LABOR supply includes nearly two-thirds of America's highly skilled factory workers.

NEW YORK CENTRAL

The Water Level Route





1. Because it is more liberal

Whether your business needs \$10,000 ... \$1,000,000 ... or more ... you will find that our plan gives you *more money* than usual sources will lend. That's why manufacturers and wholesalers have used the plan to total of more than *One Billion Dollars* in the past five years ... and why more than twice as many business firms adopted it in 1946 as did in 1945.

2. Because the cost is low

You may find the cost of using our Plan so low that you would have to secure a rate of 4% per annum, or less, on a commercial time loan to keep the cost comparable. In addition, the plan does this without restricting management or interfering with operations.

3. Because it frees you from renewals, calls, etc.

Under our plan you are free from worries about renewals, calls and periodic clean-ups of your loans. You have at your disposal a flexible "revolving fund" which you can continue to use when you need it ... which costs you nothing except when you use it ... and then you pay interest only on funds which you are actually using.

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It gives you the complete story ... dollars and cents comparisons of the low cost of money under our Commercial Financing Plan vs. Time Loans ... with case histories of growth and profits users have realized through our plan. Write the nearest office below and ask for a copy of booklet C.

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GLIDDEN'S CHOICE: JOYCE TO JOYCE

The Glidden Co., Cleveland, shifted its high command recently—but the Joyce family kept the reins. Adrian D. Joyce (left), president since the company's founding in 1917, became chairman. His son, Dwight P. Joyce (right), vice-president and director since 1927, is the new president. Though Adrian Joyce relinquishes some of his responsibilities, he remains chief executive of the company. It now has 34 factories, with operations ranging from manufacture of paints and varnishes to processing soybeans and livestock feeds.

the moment any "Young holdings" of Central shares will be voted by a trustee, in this case Manhattan's Chase National Bank. And the bank is not obligated to vote the shares as Young directs.

There is likewise no assurance that the ICC will approve Young-control of Central, through either Alleghany or C. & O. In fact, some years back Central was forced to dispose of holdings of C. & O. shares on the grounds it could not hold stock in a competing carrier.

Nevertheless, few Wall Streeters are willing to bet now that Young won't finally achieve his immediate goal.

• **Past Master**—They are well aware that very minor holdings skillfully handled can often obtain working control—especially in a company whose stock, like that of Central, is widely scattered. Young is also known to them as a smart financier, an adroit publicist who can win the little stockholder to his way of thinking, and a tough man in a fight.

In the art of domination through shoe-string control, he's a past master. This is proved by the way Young and Allen Kirby, his chief backer, have maintained ironbound dominance over their remnants of the Van Sweringen rail empire despite increasingly tenuous stock control in key units (BW—Nov. 23 '46, p80).

Alleghany Corp., through ownership

of less than 7% of C. & O.'s outstanding stock, compared with its 25% interest years ago, still controls over \$1.5 billion of very profitable rail properties. Young and Kirby still dominate Alleghany Corp. even though in recent years they have whittled down their holdings of that company's common shares (at an excellent profit) from about 28% of those outstanding to well under half that amount?

• **Waiting for a Fight**—Most disconcerting to those who would like to see Young defeated in his attempt to take over Central has been the early reaction of his opposition. Despite the barrage of typical Young "fighting talk" hurled in their direction, Central's present dominating factors have remained mum.

According to Central's president Gustav Metzger, "all we know is that Young purchased some stock." Young's characterization of chairman Vanderbilt as "a mere child ... in this business" has brought no rejoinder. Nor has his threat to "make a twentieth-rate bank out of the Morgan bank" if it dares oppose him yet brought any counterblast from J. P. Morgan & Co., Central's traditional bankers.

Young probably has more Wall Street enemies than friends. But even his enemies don't rate him subnormal opposition in any fight. And it worries them

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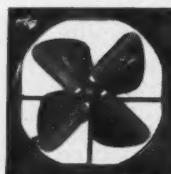


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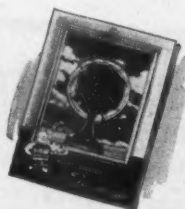
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to see Young permitted once again jump the gun on the eve of another battle against "old school tie" banking interests.

• **Heavy Artillery Coming?**—As the anti-Young group sees the picture, you have to forget your dignity and slug it out with Young if you want to win. Behind the scenes moves are of some help. But they haven't proved successful in the past. And they are not expected to prove entirely successful against the redoubtable Young in the coming battle for the Central unless they are accompanied by some hard punching right out in the open.

Many anti-Youngers are afraid he has yet to unlimber his heaviest artillery. They think Young is probably busy now picking up proxies drawn in his favor by small stockholders. And they see plenty of truth in the rumors that are now going the rounds indicating that Young, at New York Central's annual meeting in May, expects to be in a position to swing the votes of about 1,000,000 shares.

• **Crusade**—While he has been buying Central stock, Young has also been busily organizing a Federation of Railroad Progress. This group he has designed to take over the present functions of the Assn. of American Railroads (the "broken-down lobby," according to Young). And he says he is going to see to it that the owners of rail securities, and not the bankers shall always dominate the affairs of the railroad organization.

Young also has been doing his best to insure defeat of the Bulwinkle bill, which is now before Congress. Its passage, he claims, would ruin his crusade by making it legal for "banker-dominated" roads to agree against taking progressive steps.

Who Buys Whom?

Neither Alleghany Corp. nor the Chesapeake & Ohio R.R. has purchased control of the New York Central. A representative of the Robert R. Young interests gave this assurance to the Senate Committee on Interstate & Foreign Commerce this week.

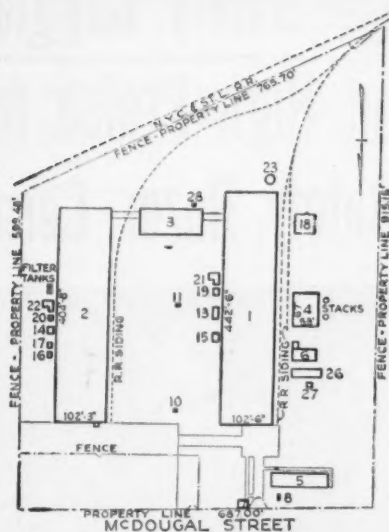
• Further, testified Robert W. Purcell, C. & O.'s vice-president in charge of law, neither has any right to interfere with the management of the New York Central. And they wouldn't interfere even if they did have the right, he added.

Asked if the Central were buying into Alleghany, Purcell declared he thought the road could use its idle cash to better advantage.

BUY or LEASE

THIS FINE PLANT IN THE HEART OF THE NATION'S RICHEST INDUSTRIAL AREA

109,600 SQ. FT. PLANT SPACE . . .
12 ACRES OF LAND • FOSTORIA, O.



SITE PLANS

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|--|----------------------------------|-------------------------------|
| 1 Manufacturing Building No. 1 | 10 Fire Hose House No. 1 | 18 Principal Sub-station |
| 2 Manufacturing Building No. 2 | 11 Fire Hose House No. 2 | 19 Control Precipitator No. 1 |
| 3 Storage Building | 13 Transformer Sub-station No. 1 | 20 Control Precipitator No. 2 |
| 4 Boilerhouse | 14 Transformer Sub-station No. 2 | 21 Scrubber House No. 1 |
| 5 Laboratory Building | 15 Water Cooling Tower No. 1 | 22 Scrubber House No. 2 |
| 6 Ammonia Storage Building and Compressors | 16 Water Cooling Tower No. 2-1 | 23 Silo |
| 7 Gate House | 17 Water Cooling Tower No. 2-2 | 26 Paint House |
| 8 Gas House | | 27 Paint Storage |
| | | 28 Sawdust Booster Building |

★ Other buildings: Two storage buildings, one 125' x 48' and one 1300 sq. ft.; Laboratory building, 112' x 27'4"; Boilerhouse, 53' x 67'; Small structures totaling about 1500 sq. ft.

★ RR siding from Nickel Plate RR.

★ City water; city sewerage; incoming current, 69,000 volts; natural gas; compressed air, 350 CFM at 100 psi.; steam, 26,830 lbs. per hr.

Sealed proposals for the purchase or lease of this facility, A. P. 47 Fostoria Plant CWS, will be received by the War Assets Administration, Post Office Box 6432, Cleveland, Ohio, until 4:00 P.M., E.S.T., on April 4, 1947, at which time all proposals will be publicly opened and read at the Regional Office, War Assets Administration, Euclid-East 13th Building, Cleveland 1, Ohio.

Sealed bids should state on the outside of envelopes:

"Sealed Proposal for A.P. 47
Fostoria Plant CWS."

War Assets Administration reserves the right to reject all or any proposals.

Consideration will be given to small businesses.

HOW TO GET CREDIT TERMS, how to go about making bids and all facts regarding this facility may be had direct from:

ABOUT THE LOCATION:

★ Within the 500-mile circle which contains 54% of U. S. and Canadian population; 63% of U. S. manufacturing plants; 71% of U. S. product value; 75% of U. S. pay roll dollars.

★ Close to Great Lakes low-cost shipping facilities.

★ Fostoria's population (1940): 13,453.

★ 35 miles from Toledo; 40 miles from Sandusky; 85 miles from Cleveland.

★ Local industries include: National Carbon Co., Seneca Wire Mfg. Co., Electric Auto Lite, Swift Soy Bean Mill, Minnell Milling Co., Fostoria Screw Co., American Railway Signal Co., Fostoria Pressed Steel Co., and others.

ABOUT THE PLANT:

★ Used as a Chemical Plant.

★ Land (about 12 acres) and buildings only. Total building area about 109,600 sq. ft.

★ Two main manufacturing buildings are monitor-type, adaptable to virtually any type of manufacturing requiring fairly large floor area and high overhead clearance.

★ No. 1 is 102'6" x 442'6", approximately 60' high, with mezzanine 40' x 100'. Total area, 49,400 sq. ft. Walls are masonry and asphalt-protected metal. Roof is asphalt-protected metal except over mezzanine section. No. 2 building is substantially the same but with total area of 44,200 sq. ft. (Sale or Lease of Buildings No. 1 and No. 2, separately, will be considered.)

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Safety Goggles

Win High Praise from Gem Safety Razor Corporation



"This A-O Goggle saved the eye and possibly the life of E. Steller of the Brush Department. This chip in the lens was caused by the tool-bit he holds in his hand."

Typical records reveal that eye injuries cost (in first aid attention, idle machine charges, unproductive time and other frequently "hidden costs") \$14.60 per injured man per year. Yet 98% of these accidents (according to the verified figures of the National Society for the Prevention of Blindness) are avoidable—mainly through the use of Safety Goggles.

Can you afford to overlook this opportunity to lower your production costs? Send to your nearest A-O Safety Representative or direct to American Optical Company, Box B, for a copy of the new book, "Eye Accident Costs," telling how to prevent them and how much you can save by preventing them.

American  Optical

COMPANY
Safety Division

SOUTHBIDGE, MASSACHUSETTS
BRANCHES IN PRINCIPAL CITIES



KEEPING TO THE PATTERN

In becoming director of Chase National, the nation's third largest bank, Laurance S. Rockefeller (above) displays the family penchant for big-scale operation. The 40-year-old son of John D. Rockefeller, Jr., is director also of International Nickel Co. of Canada, Ltd., and of Eastern Air Lines. A brother, David, likewise is with Chase—a "Rockefeller" bank. The other three brothers are: Winthrop, with Socony-Vacuum; Nelson, now heading two new concerns—International Basic Economy Corp. and American International Assn.—to develop industries abroad; John D., 3d, concerned with various activities of the Rockefeller Foundation.

DETROIT EDISON TO EXPAND

During the last months of 1946, Detroit Edison Co. was operating at peak capacity. Company officers believe this demand will keep growing. So they are planning to spend \$96 million on expansion during the next four years. The goal is to increase generating capacity by 22.4% to 1,509,000 kw.

The first \$10 million to finance the program is expected to come from Edison's surplus. Beyond that, plans are not final. They may take the shape of new issues of stock or bonds, and part of this program may encompass retirement and refunding of \$30 million outstanding in 4% bonds. Meanwhile, if necessary, Edison might enter the

Personalized Lighting ... Instantly! **DAZOR ALONE** *Floats!*

CONCENTRATED light exactly *where* and *when* you want it! Light of the right *quality* and *quantity*, positioned so you can see the details of fine work quickly, with comfort and ease! Such are the advantages of Dazor, the *floating* lamp.

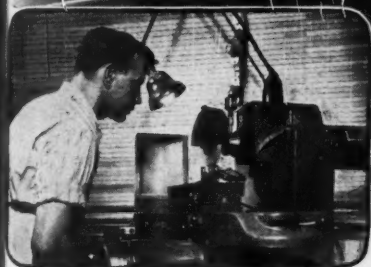
With your finger tips you simply float Dazor into the position desired. Lift your hand and the light *stays put*... automatically. A patented balancing mechanism makes further adjustment unnecessary. Dazor alone *floats*.

Provide personalized Dazor lighting for every task in your plant or office which requires precise, accurate seeing. Increase the efficiency and productivity of your workers, reduce accidents and waste.

Phone **YOUR DAZOR DISTRIBUTOR**... let him demonstrate Dazor seeing benefits. For your distributor's name, if unknown to you, write to Dazor Manufacturing Corp., 4481-87 Duncan Ave., St. Louis 10, Mo. In Canada address inquiries to Amalgamated Electric Corporation Limited, Toronto 6, Ont.



**MOVES FREELY
INTO ANY POSITION
and STAYS PUT—
WITHOUT LOCKING**



No squinting or nervous muscular tension here—the work area is brilliantly Dazor-lighted.



With "personally-fitted" Dazor lighting, this diamond setter adds the finishing touches to a ring mounting.



Instantly adaptable to the seeing conditions required, Dazor lighting permits speedier treatment of first aid cases.

CHOICE OF 4 BASES



DAZOR *Floating* LAMPS

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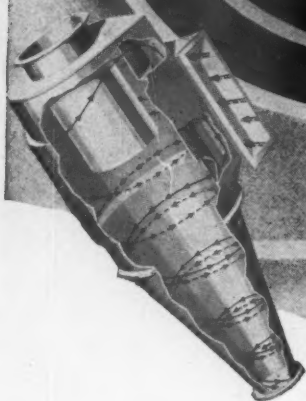
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high efficiency

DUST COLLECTION



Only Buell Dust Recovery equipment affords these six extra-efficiency features: 1—The "Shave-Off"; 2—Large Diameters; 3—Extra-Sturdy Construction; 4—Correct Hopper Design; 5—Split-Duct Manifolding; 6—Inner Welds Ground Smooth.

Write for Buell's book—"The van Tongeren System of Industrial Dust Recovery".

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DESIGNED TO DO A JOB, NOT JUST TO MEET A "SPEC"

short-term money market to secure funds.

About \$20 million will be spent this year. Part of this will cover final payment on a 100,000-hp. addition to the Marysville (Mich.) power plant, scheduled to go into operation March. This year's outlay will also include the first payment on two 133,000-hp. turbine generators for the Trenton Chama plant, downriver from Detroit. The two units, larger than any now on the line, will be installed in 1949.

About \$4 million will be spent this year on construction of seven substations in the Detroit metropolitan area and twelve elsewhere in the state.

FINANCES HELICOPTERS

Extension of its aircraft financing service to include helicopters has been announced by the Buffalo Industrial Bank at Buffalo, N. Y. The new program is for customers of Bell Aircraft Corp., which makes 'copters at nearby Niagara Falls. The bank asks one-third to one-half of the total cost as down payment. It gives the purchaser twelve months to pay the balance, at 5% interest. Rates are subject to change; the down payment is expected to stabilize at one-third.

Already the bank has financed the sale of three helicopters: two for Central Aircraft, Inc., of Yakima, Wash. and one for New England Helicopter Service, Inc., Providence, R. I.

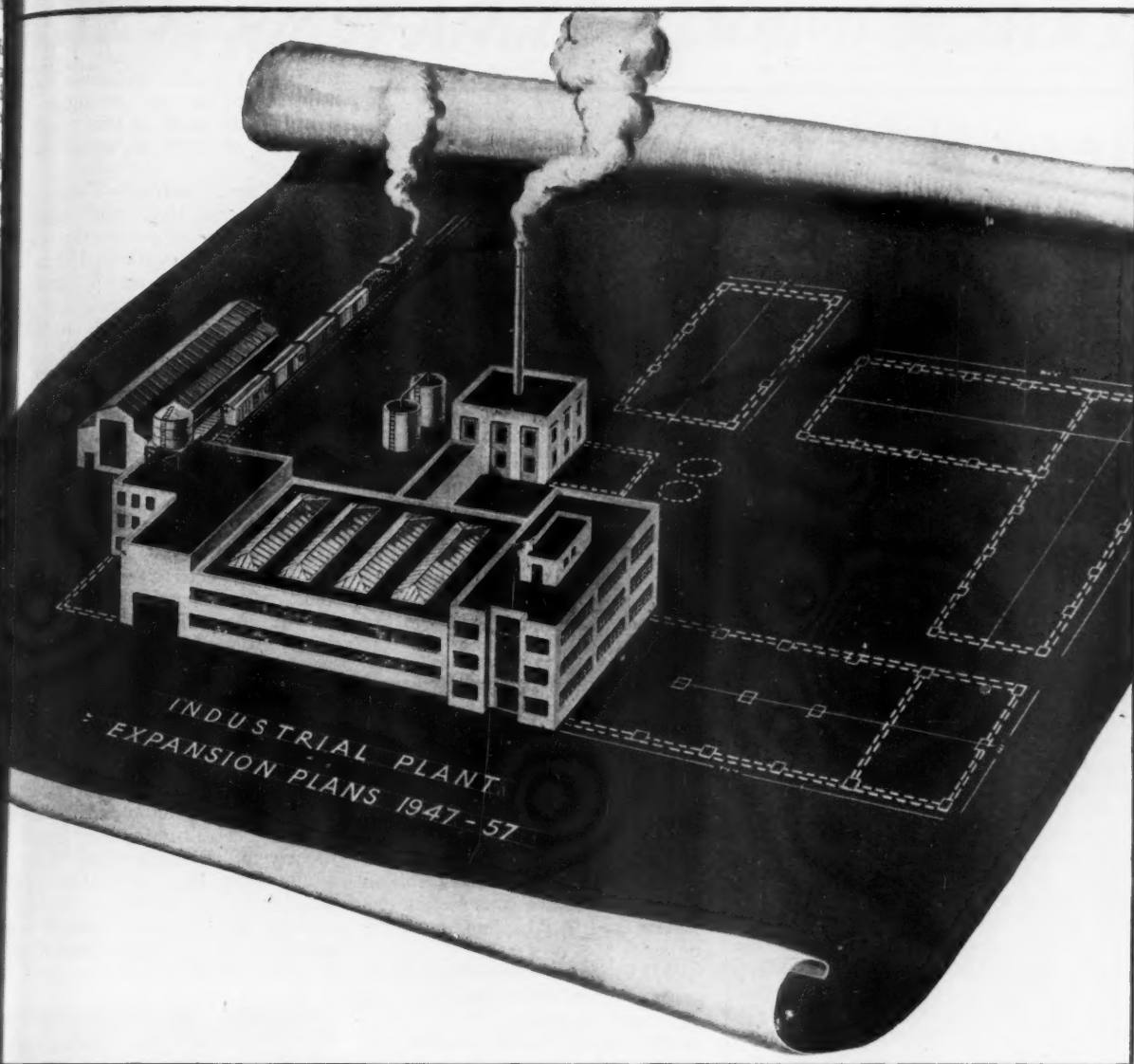
MORE LIFE FUNDS IN REALTY

Real estate investments of the Big Five life insurance companies (BW—Jan. 18'47, p70) continue their sharp upward trend.

Mutual Life of New York has announced purchase for an undisclosed sum of seven Sears, Roebuck & Co. retail stores in California. Like the seven New York and New Jersey properties it previously bought (BW—Jan. 4'47, p48), Mutual's new acquisitions have all been leased to the Chicago mail-order house under long-term contracts.

New York's Equitable Life Assurance Society last month purchased the Fifth Ave. store owned and operated by Bonwit, Teller & Co. It also assured continuity of occupation by immediately leasing the property to the seller. Equitable is reported to have paid \$6,250,000. As Manhattan realtors judge the transaction, this was about \$275 a square foot, highest ever paid for a sizable Fifth Ave. property.

Current reports in New York realty brokerage circles indicate that other substantial Fifth Ave. purchases by life companies are to be announced soon. The Big Five group reportedly earmarked some \$30,000,000 for investment in Avenue real estate.



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in all the things a business needs for growth and prosperity . . . a land where thousands of busy new industries are facing the future with confidence and optimism.

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Ernest E. Harris
President



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LABOR

Lewis Holds the Answer

Does the mine chief see any advantage in a peaceful coal settlement that may be short of what he could win by striking? Smart money says he will find a compromise.

The contract extension in steel is simply another acknowledgment that it is futile to try to build an era of industrial peace without a firm commitment from John L. Lewis.

Much as he would have liked to lead the wage parade as chief of both the C.I.O. and the steelworkers union (BW—Feb. 1 '47, p. 86), Philip Murray accommodated himself to this reality. The reason: He thinks his organization has an infinitely greater stake in avoiding serious industrial strife in 1947.

• **Opportunity**—As matters now stand, Lewis' truce in the soft coal industry expires on Apr. 1—a month before the extended expiration date of the steel-C.I.O. contract. Hence Lewis, after one failure in the December coal strike, has another chance to set a wage pattern which other big unions will have to follow.

Lewis himself does not know how he will use that opportunity. He is making no plans until the U. S. Supreme Court rules in his contempt case, despite the fact that his lawyers tell him the court will decide in his favor.

• **Obstacle**—But regardless of the judicial outcome, whatever strategy Lewis decides to adopt will be determined by the pursuit of his objective of becoming the leader of a united labor movement in America. And to his mind Philip Murray, surrounded in the C.I.O. by men Lewis considers Communists, is the chief obstacle in his path. Thus the steel and coal negotiations this year have even more than their usual bearing on each other.

If Murray had signed with steel, it would have been a peace built on shifting sands until Lewis guaranteed the coal supply which Murray's men need if they are to work. Lewis, thinking of himself as the master, would not have accepted a wage par determined by the pupil. He would have felt himself bound to best the Murray achievement.

• **Alternative**—In the Lewis camp, the extension of the steel contract is evidence that Murray knows he cannot get a satisfactory wage deal on his own; that he is lying back waiting for Lewis to do the pattern setting. And, Lewis' associates insist, Lewis will do just that.

Another way of looking at it: Even if Murray won a satisfactory victory in

steel, his achievement would be dimmed by Lewis in the next coal bout; then he would have to start all over again.

• **Key Question**—Fortunately for the nation's economic stability, Lewis and Murray are not truly reciprocating rivals. They do not have matching ambitions. Murray is content with his present position in the labor movement; his aim is to maintain it against any crushing Lewis-A.F.L. onslaught (page 96). Murray will go to considerable lengths to avoid being lured into a competition with Lewis which might leave the C.I.O. on the end of a limb.

The immediate problem is what Lewis will do with his second opportunity to lead the wage parade. That made the year's key labor question: Does the mine chief see any advantage in a peaceful settlement in coal which may be short of what he could win by striking?

• **Two-Year Contract?**—There is doubt that Big Steel's coal subsidiaries are prepared to pay out another wage increase ranging from 10¢ to 15¢ an hour. What they want in return, however, is a two-year contract which will assure them of uninterrupted operations. Lewis will fight strongly against a year deal unless it leaves him with adjustment loopholes.

In common with most labor leaders, he does not believe that hourly wages are anywhere near their postwar top. And Lewis is not forgetting that he was strapped with a two-year contract from 1941 to 1943; to his mind much of his recent trouble is attributable to the miners' need to make up for lost time.

• **Way Around Congress**—More Lewis reasons farther, the legislative

Wishful Thinking in the White House

Whatever else 1947 brings to the labor front, it is hard to imagine how President Truman can surpass the naivete he displayed last week in interpreting the importance of an agreement between construction employers and A.F.L. building crafts unions.

The President called a special press conference to issue "an important statement" in person. It consisted of congratulating the construction employers and unions on their willingness to submit issues in dispute to arbitration, provided both parties agreed to arbitration. It represents an advance over present practices which amounts to exactly zero.

• **Not Political**—Announcing it in a special press conference made it front page—and widely misinterpreted—news. It is not a no-strike pact as it has been identified; nor does it cover jurisdictional disputes.

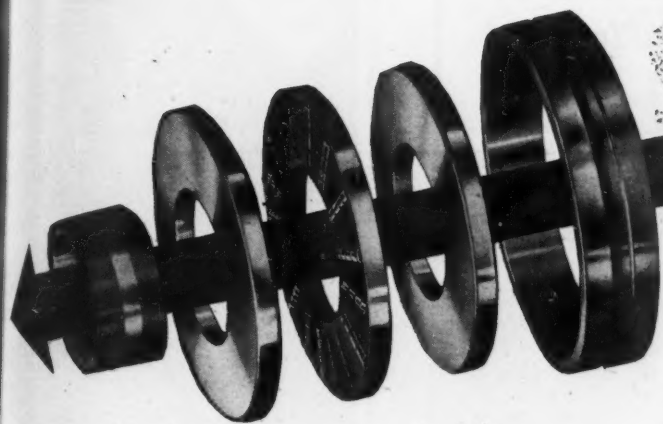
The most logical explanation of Truman's disproportionate emphasis is probably not political. To be sure, he is eager to keep friendly with the A.F.L.'s powerful building trades unions. He is also opposed to the Ball bill which would outlaw national bargaining; and the building trade agreement does show how national bargaining might be of incalculable value in achieving industrywide stability.

• **But Psychological**—More probably, Truman, in common with all the nation, has an almost overpowering anxiety to believe the labor situation is improving. Thus, when some smart negotiators put together a string of ciphers the President wanted very much to think it represented a real quantity.



Herbert Rivers (left), secretary-treasurer, and Richard J. Gray, president of A.F.L.'s Building Construction Trades Dept., were union negotiators in the labor-management agreement which President Truman announced.

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- Permits heavier radial and thrust loads . . .
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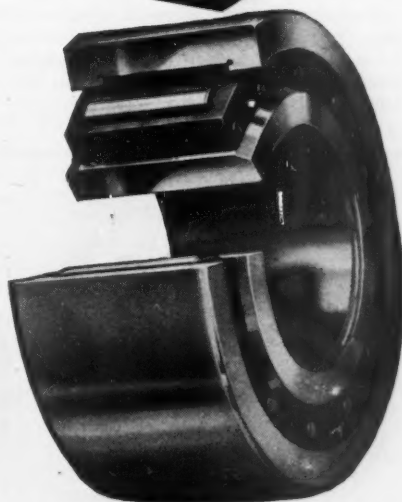
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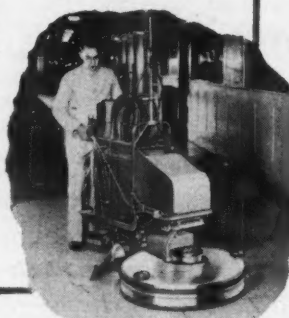
The *Finnell* Scrubber-Vacuum shown at right (one of several) speeds the cleaning of corridor and other large-area floors. It is self-propelled and a complete cleaning unit *all in one*. Applies the cleanser, scrubs, rinses if required, and picks up. Has a cleaning capacity up to 10,000 sq. ft. per hour!

The Motor-Weighted *Finnell* shown below at left is equipped with a *Feather-Touch* Safety Switch that provides complete automatic switch control. Switch works with either hand from either side of handle. When handle is released, the machine stops. Self-propelled. Five sizes: 11, 13, 15, 18, and 21-inch brush diameter. Inset shows machine with *Finnell* Dispenser for hot waxing.

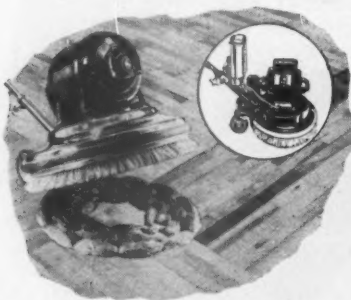
The *Finnell* Dry Scrubber shown below at right cleans grease-caked floors in *one-tenth* the man-hour time required when hand-spudding. Has self-sharpening brush feature. Adaptable to wet scrubbing, steel-wooling, waxing, polishing.

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THE PIT AND THE PICKET

A dispute between A.F.L. and C.I.O. electrical workers introduced a novel picketing technique in New York recently. A.F.L. unionists, seeking recognition from Consolidated Telegraph & Electrical Subway Co., took turns picketing manholes opened for maintenance work. C.I.O. crews, under contract with Consolidated, ignored both pickets and taunts shouted down the openings.

uation is too threatening to warrant a two-year commitment without loopholes. There is a suspicion that Lewis will want to write a new type of contract which will decentralize union responsibility from a legal standpoint. This may be his method of coping with congressional enactments which offer a threat to the union's treasury or would otherwise strike a paralyzing blow at a central point.

Clearly, what Lewis does between now and Apr. 1 will affect the entire climate of industrial relations; perhaps it will determine the degree of control which Congress decides to impose on labor.

• **Much at Stake**—The steel contract extension, the building construction pact (page 80), and numerous other illustrations, both positive and negative, indicate that labor leadership feels its best interests lie in being nonbelligerent for the present.

If Lewis decides to stick his neck out, he is imperiling not only his own neck but that of the entire labor movement. Smart money is saying that he won't do it.

Bargaining Works

C.I.O.'s textile workers negotiate wage increases for 200,000 members without recourse to arbitration or strikes.

Wage increases of about \$55 million annually for 200,000 members have been won by C.I.O.'s Textile Workers Union of America. There was little fanfare. All were gained at the collective bargaining table, without loss of a single man-hour of work because of strikes. Most were the result of a growing pattern of industrywide bargaining for the union and employers.

T.W.U.A.'s gains were overshadowed by the labor news by steel and automotive contract negotiations. Yet they stamped the right-wing textile union as the most eminently successful union in C.I.O.'s 1947 wage drive thus far.

The union's northern cotton workers, numbering 90,000, recently received cross-the-board 10¢ hourly raises.

Its woolen and worsted workers won 5¢ hourly raises, effective Feb. 3. The union reported 90,000 were affected in this classification.

An agreement covering seven American Viscose Corp. plants gave 18,000 employees a 13½¢ hourly increase, retroactive to Dec. 1, 1946.

The Celanese Corp. of America signed an agreement giving 10,000 Cumberland (Md.) C.I.O. employees 13¢ hourly raises.

Sizable Gains—The new increases brought total raises since V-J Day to 26¢ an hour for T.W.U.A.'s northern cotton textile workers, 30¢ for woolen and worsted workers, and 32.7¢ for synthetic-yarn workers. Under the new agreements hourly straight-time wages will average \$1.02 for northern cotton textile workers, \$1.16 for woolen and worsted workers, and \$1.25 for synthetic-yarn workers.

The new hourly rates are about 124% above those which prevailed when the T.W.U.A. began organizing textile workers in 1937.

Joint Negotiations—The northern cotton textile industry negotiations brought together representatives of 47 mill managements for joint talks with the union. The group was the largest ever assembled for bargaining in the textile industry.

T.W.U.A.'s program for broadened contract negotiations got under way in 1944 when the union and the ten-mill New Bedford (Mass.) Cotton Manufacturers Assn. bargained jointly. The next year the Fall River (Mass.) Cotton Manufacturers Assn., with ten mills, also was represented. The 47 mills participating in the last negotiations represented

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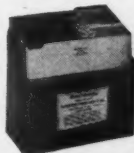
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What's Happening to the Cost of Living

	Food	Clothing	Rent	Gas & Elec- tricity	Other Fuels & Ice	House Fur- nishings	Misc.	Total Cost of Living
August, 1939.....	93.5	100.3	104.3	99.0	96.3	100.6	100.4	98.6
January, 1941*.....	97.8	100.7	105.0	97.4	104.2	100.1	101.9	100.8
December.....	113.1	114.8	108.2	96.7	111.3	116.8	107.7	110.8
December, 1942.....	132.7	125.9	108.0	96.8	115.5	123.7	112.8	120.4
December, 1943.....	137.1	134.6	108.1	96.0	122.4	127.9	118.1	124.4
December, 1944.....	137.4	142.8	108.3	94.8	123.6	143.0	123.1	127.6
December, 1945.....	141.4	149.4	108.3	94.0	126.1	148.3	124.8	129.9
January, 1946.....	141.0	149.7	108.3	93.8	127.2	148.8	125.4	129.9
February.....	139.6	150.5	108.3	93.8	127.8	149.7	125.6	129.6
March.....	140.1	153.1	108.4	92.9	127.7	150.2	125.9	130.2
April.....	141.7	154.5	108.4	92.6	127.8	152.0	126.7	131.1
May.....	142.6	155.7	108.4	92.2	127.8	153.7	127.2	131.7
June.....	145.6	157.2	108.5	92.1	128.4	156.1	127.9	133.3
July.....	165.7	158.7	108.7	92.1	133.8	157.9	128.2	141.2
August.....	171.2	161.2	108.7	91.8	135.0	160.0	129.8	144.1
September.....	174.1	165.9	108.8	91.7	136.5	165.6	129.9	145.9
October.....	180.0	168.1	108.8	91.6	136.6	168.5	131.0	148.6
November.....	187.7	171.0	108.8	91.8	137.2	171.0	132.5	152.2
December.....	185.9	176.5	108.8	92.0	138.3	177.1	136.1	153.3

* Base month of NWLB's "Little Steel" formula.

Data: U. S. Bureau of Labor Statistics 1935-39 = 100.

half of all T.W.U.A. contract mills in the area. Other employers, not represented, agreed to comply with any settlement worked out.

Bargaining, which both parties agreed was "in a spirit of cooperation and mutual respect," compromised the union's 15¢ demand at the 10¢ figure.

• **Agreement Without Arbitration**—Almost all of the individual mill contracts provided that unresolved disputes over wages or working conditions should be submitted to arbitration. Union and management announcements said that it is "a matter of considerable pride" for all that even the necessity of going to arbitration was avoided.

Woolen and worsted agreements also were reached without arbitration. However, the union was unable to bring together major employers with negotiators for smaller mills. The two groups bargained separately, but final agreements were essentially the same.

Textile raises prove, according to T.W.U.A. president Emil Rieve, that "when there is a deep-rooted determination to make collective bargaining work, it works."

• **Opposition in the South**—Negotiations are being pressed for wage increases in other smaller divisions of the union. In all except the southern cotton textile industry, the union considers the outlook hopeful. But stout employer resistance has developed below the Mason and Dixon line.

The union blames this in part on near-elimination of the job-for-job differential between northern and southern mills. Until 1945 southern rates were as much as 13¢ an hour under those for comparable jobs in northern mills. By the end of 1946 the differen-

tial, according to T.W.U.A., had been cut to about 1¢ an hour.

• **Restore the Differential?**—Southern employers have contended that they are financially unable to meet the late raise. They argue that letting the North pay the new rates while the South stays at a 1947 increase properly restores the historic differential.

LIVING-COST WAGE RISE

The first adjustment of Sinclair Oil Co.'s wage rates under its cost-of-living union contract (BW-Dec.7'46,p.8) came this week: Employees got a 7.4-point hourly pay boost. The raise, retroactive to Jan. 1, is effective until the next contract quarter begins Mar. 1. It reflects a 7.4-point increase in the Bureau of Labor Statistics cost-of-living index for the last quarter of 1946.

The adjustment raises Sinclair's average hourly pay to \$1.65, or 25¢ above the Nov. 15, 1946, base rate set by contract. The company and C.I.O.'s Oil Workers International Union last November agreed to reopen wage rates every three months. Increases are to be given automatically if BLS' index goes up more than three points a quarter. Rates may be cut if the index figure declines but the Nov. 15 base rate is the floor.

Meanwhile, the union's national policy committee met in Ft. Worth, Tex., to map next steps in its 1947 contract campaign. The union has been negotiating with several other major oil companies for sliding-scale contracts similar to Sinclair's. But it now wants a 25¢-an-hour wage increase to equal that won from Sinclair so far. This blanket demand has been a stumbling block in other negotiations.

Total
 Cost of
 Living
 100.4
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Portal-Pay Law

Congressional action define liability is almost certain. Effect on suits already filed will be determined by the courts.

Congress moved toward the center of the stage this week, ready to step into the portal-pay spotlight after Federal Judge Frank A. Picard (cover) blew it out.

• **Working on a Law**—The lawmakers want to protect business and, indirectly, the U. S. Treasury from the almost \$1 billion of portal-pay suits already filed. They knuckled down to work on a law which, they hoped, would do just that.

Actually, many congressmen have grave doubts that any law passed now could, under the Constitution, apply retroactively to suits already filed (BY—Jan. 4 '47, p. 54). But there is no question about congressional authority to redefine employer liability or to write a statute of limitations affecting future cases.

• **The Gwynne Bill**—The various bills in Congress take different approaches to the portal-pay problem. The one out in front is that by Rep. John W. Gwynne (R., Iowa), on which hearings began this week before a subcommittee headed by Gwynne himself.

Gwynne's bill would not alter the wage-hour law, as would the other. Instead, it would fix a one-year statute



To check the stampede of portal-pay claims, Rep. John W. Gwynne urges a statute of limitations for existing laws instead of wholly new legislation.

Where are the people in payroll tonight?

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For the problem that used to keep them overtime in the Payroll Department has been solved. You see, the task of figuring and posting costs distribution, and preparing a large payroll, had so swamped this department that it was often still hard at work when the cleaners came.

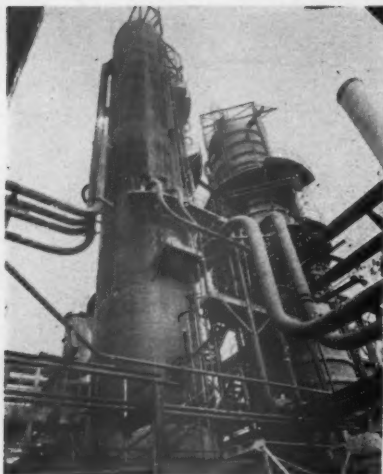
Could this overtime be ended? The management consulted its local National representative. After detailed study the answer was, "Yes!" A National system was worked out, and National Bookkeeping and National Payroll Machines were installed, substituting swift and accurate machine operations for many of the former time-consuming methods. The capacity of this new National system is so much greater that the payroll is now completed much earlier. Even greater time savings are effected in the distributing and posting of costs. And all overtime is eliminated.

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Western maintains a large staff of engineers, experienced in the construction of all types of processing equipment, also, erection crews to install Western-built products, where this service is needed.



Refinery towers and pressure vessels under construction in one of five Western plants.

Write Los Angeles office for information concerning Western's facilities for fabricating, engineering and erecting steel processing equipment.

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FIVE PLANTS SERVING THE WEST

of limitations on any wage claims under the wage-hour law and the Walsh-Healey and Bacon-Davis acts (which relate to labor standards on federal contracts). Future claims would be limited to wages which have been paid by custom or under union agreement, thus ruling out most future portal-pay suits. A 90-day grace period would be allowed, however, for the filing of claims for accrued wages under previously existing laws, with the proviso that payments would go back not more than one year.

Further, the Gwynne bill would, in the future, bar retroactive decisions where employers in good faith followed the law as then interpreted. Liquidated damages would be allowed only where bad faith was shown. Waivers and compromises of claims, now forbidden, would be allowed. Attorney fees would be limited to 5% and not more than \$5,000.

Only the rush of Congress to adjourn last July prevented passage at that time of another bill by Gwynne which would have fixed a three-year limitation on wage claims.

• **Two in the Senate**—In the Senate, legislation is being built around the proposals of Homer E. Capehart (R., Ind.) and Alexander Wiley (R., Wis.). Main difference between these bills and Gwynne's is that they would reopen the wage-hour law and redefine work for which overtime must be paid after 40 hours a week.

Wiley would limit it to "productive" work or other activities paid for by custom or agreement. Capehart would define as "work" those activities paid for by custom or agreement, with some reservations. All pending and future claims for wages outside the new definition of "work" would be removed from the jurisdiction of the courts under the Wiley bill.

• **Likely Outcome**—It is probable that Congress will enact a statute of limitations, somewhere between Gwynne's one-year limit and the three-year limit favored by L. Metcalfe Walling, Wage-Hour Administrator. It can also be expected to permit compromise of wage liabilities, which has the support of Walling and the C.I.O., although the latter would disapprove of settlements by individual workers. It is likely, too, that Congress will restrict future portal-pay obligations.

President Truman has indicated to party leaders on the hill that he has no serious objections to these proposals, and probably would sign a bill containing them.

• **Up to the Courts**—The \$5 billion question is what can be done about accrued liability. Most observers feel that the answer will have to come from the courts.

For this reason, government and in-



SOLUTION

When college authorities failed to locate any organization, between Chicago and the West Coast, offering industry and labor consultative research service, in industrial relations the University of Denver set up its own. The new Bureau of Industrial Relations is headed by Theodore J. Cutler (above), professor of industrial psychology. Services will include job analysis, merit rating installations, morale surveys, personnel technique, employer-employee relations. Cutler, formerly employed by Ralston Purina Co., came to Denver after serving as Navy labor relations officer.

dustry representatives today are concentrating their efforts on the Mt. Clemens Pottery case before Judge Picard. They know that much of the retroactive liability in all pending cases could be wiped out if the judge were to rule that the travel and get-ready time of Mt. Clemens workers came within the judicial concept of "de minimis" that is to say, too trifling—and thus was not compensable. This view was urged on Judge Picard by the Justice Dept.

• **Bargaining Issue**—Regardless of what Judge Picard decides or what Congress enacts into law, the portal-pay issue is bound to be injected by some union into 1947 contract negotiations. Some like District 50 of the United Mine Workers (A.F.L.) at the Midland (Mich.) plant of Dow Chemical Co. (BW—Nov. 2'46, p. 84), may settle for a straight hourly-wage increase which would cover travel time.

Know the difference between these 3 duplicators!

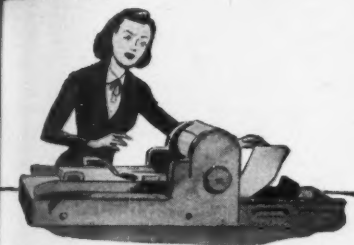
(save time, labor, dollars in your office everyday)

All 3 are commonly referred to as "duplicators"—which is confusing.

For, actually, there is little similarity in the operation of these machines...even less in the jobs they do.

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It is efficient and economical for large-run duplication of bulletins, notices, and similar work.

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These are made by simply placing your original on a sheet of Ozalid sensitized paper and feeding into the machine. Just two automatic steps—and your print is delivered completely dry, ready for immediate use.

No other preparation is required—either before or after this operation. And you never have to worry about your "Masters" deteriorating in the files!

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C-1110	Sheet Drawing Press	\$2.00							
C-1120	Sheet Drawing Press	\$2.00							
C-1130	Sheet Drawing Press	\$2.00							
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• Eliminate hours of retyping and errors in transcription when you present constant facts or figures in combination with variable information. For example:

Assume that the information typed in column A has to be carried in 20 different reports—the figures in the other columns varying in each case.



This is how easy the job can be—

You simply make 19 Ozalid translucent copies of the form as shown above. Add the variable information on each. These can now be used as "Masters" themselves to produce as many additional copies as are required.

• Reproduce a manifold accounting report or an engineering drawing a hundred yards long by feeding it into the Streamliner on a roll of Ozalid sensitized paper. Your originals can be up to 42 inches wide, any length.

In addition, you can reproduce the images on any original in black, blue, red, sepia, yellow colors... on paper, cloth, foil, film, or plastic. Thus, "color coding" work of different departments... or matching print to varying job conditions.

Also, you can reproduce photographic material—from translucent film positives, which can be made from any of your negatives. And make copies of "form letters" and executives reports that look exactly like original typing.

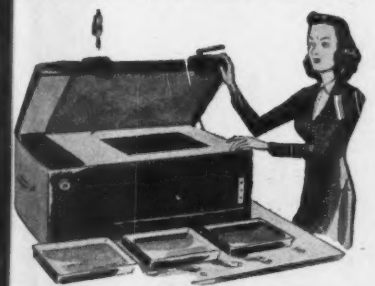
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2. THE PHOTOGRAPHIC DUPLICATOR copies photographs, using photographic solutions and drying equipment. You operate in subdued light, exposing your original and sensitized paper in the printer. Then you develop, wash, fix, and dry the paper to obtain a negative.



...tive copy. If a positive is desired, the same operations are repeated, except that you print from the paper negative.

This duplicator is generally employed to copy opaque originals or those with printing on both sides—usually material which was prepared without thought of further reproduction.

3. THE NEW OZALID STREAMLINER reproduces (in just 25 seconds!) anything you type, draw, or print on ordinary translucent paper or card. And each print is a positive (not negative) copy of your original.



Maybe you need more horse power on the job!

We're talking about more horse power for cutting lumber.

Few heavy-duty cutting machines were made available to industry during the war. Many plants now find themselves *underpowered* in their lumber-cutting departments.

By having an all-purpose Model GE 7 1/2 Horse Power DeWalt in each of these departments—pattern work—crating and boxing—construction and repair work inside and outside the plant—you *make more horse power available*. You help workers get more, and better, work done.

DeWalt is powered for *continuous* duty... is capable of many different cutting operations. The number, in fact, is limited only by the ingenuity of the operator. The more your workers use this all-purpose power saw, the more uses they'll find for it.

For the expanding production so much desired and so greatly needed today, DeWalt is practically a "must" for many plants.

We invite you, as an executive, to secure more information for your technical men. Write for our catalog. DeWalt Products Corporation, 352 Fountain Ave., Lancaster, Pa.

DEWALT



Union Pension

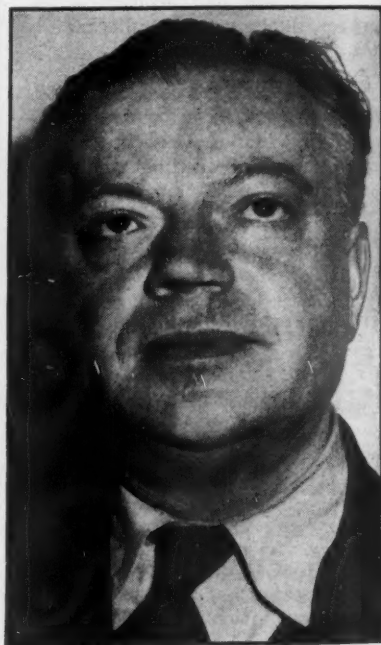
Ladies Garment Workers
set up plan to retire their officers.
Step toward providing old-age
security for union leaders.

Charles Luckman, president of Lever Bros., Inc., recently criticized unions for failing to practice the welfare programs they preach (BW—Feb. 1 '47, p. 88). But at least one could deny it. The International Ladies Garment Workers' Union (A.F.L.) had just set up a retirement plan for more than 700 officers.

• **The Program**—Under the I.L.G.W.U. program, local and international officers on the union payroll may now retire at 60 for men, 55 for women. They may, if they choose, continue in their jobs until they complete 25 years of paid service.

Retirement pay will amount to 2% of average annual pay for each completed year of service, up to 50% of normal earnings at the end of 25 years. In case of total disability before retirement age, benefits will begin immediately and will be based on years of service.

The pension fund will be derived from contributions amounting to 15% of the union's complete current weekly



President David Dubinsky and 700 officers of the International Ladies Garment Workers (A.F.L.) now can look forward to pensions. Under a newly adopted plan, I.L.G.W.U. salaried workers may retire after Jan. 1, 1949, at the age of 60 for men, 55 for women, or after 25 years' service.

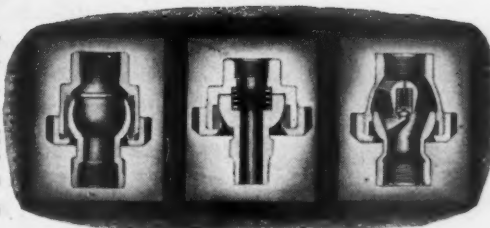
VIBRATION GIVES THE PITCH IN A TUNING FORK

but gives trouble in fluid lines



Vibration serves a useful purpose sometimes, but in a fluid-conveying system it is a destructive force. Barco Flexible Joints, for thirty years past, have provided protection for fluid lines in an ever-expanding range of industrial and transportation services. These expertly engineered joints allow responsive

movement in any direction, absorbing shock and strain, compensating for expansion and contraction, insuring full fluid-carrying capacity. Write for complete engineering data on this famous line. Barco Manufacturing Co., Not Inc., 1830 Winnemac Avenue, Chicago 40, Illinois.



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FREE ENTERPRISE—THE CORNERSTONE OF AMERICAN PROSPERITY

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"MOVE IN



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Not just a swivel joint
...but a combination of
a swivel and ball joint
with rotary motion and
responsive movement
through every angle.

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LOUISIANA'S

10-YEAR

TAX EXEMPTION PLAN

for

NEW INDUSTRIES

WRITE
TODAY
for this
Valuable
Booklet



We, the Department of Commerce and Industry of the State of Louisiana, would like to make contact with the executives of business by mail, wire, or phone, and place in your hands complete information on Louisiana's new ten-year tax exemption plan for new industries.

Previous tax exemptions brought over two hundred million dollars in new industries to this fast growing market. These new industries have profited tremendously by the selection of Louisiana sites and the utilization of Louisiana's abundant natural resources.

DEPARTMENT OF COMMERCE AND INDUSTRY
DEPT. C STATE OF LOUISIANA
STATE CAPITOL . . . BATON ROUGE; LA.

We are releasing this month Specific Briefs on unusual opportunities in Louisiana for

GLASS PLANT

Ready for immediate mailing, specific brief dealing with sites and availability of natural gas, soda ash, glass sand, markets, etc. for a new window glass and glass bottle plant.

LIVE STOCK FEED MILL

Ready for immediate mailing, a specific brief dealing with sites and availability of dehydrated sweet potatoes, fish meal, cotton seed products, molasses, huge inadequately supplied market, etc. for new live stock feed mill.

THERMAL INSULATION

Specific brief available dealing with sites and supply of rice hulls for new plant to manufacture thermal insulation for homes, refrigeration, transportation equipment, etc.

payroll. Locals will contribute 7½%, the international union 2½%, and salaried officers 5%.

• **Problem of Old Officers**—I.L.G.W.U. said its plan is intended to provide for "a substantial measure of old-age security." But to many labor observers it means much more. In the older craft unions, particularly, one of the major problems long has been what to do about over-age leadership. I.L.G.W.U. plan may provide an answer.

Contrary to popular belief, few union leaders have been sufficiently or consistently well paid to permit them to retire voluntarily. The necessity of providing bread-and-butter for themselves has made them cling to jobs. In some instances union officers, reelected periodically, are no longer fully capable of filling their jobs. I.L.G.W.U. may not share that problem, but it has pointed out a way of meeting it.

• **Criticism**—Luckman, who some time ago won friendly pats on the back from labor for chiding management's union policies (BW—Nov. 16 '46, p100), probably will get different treatment for his latest statements.

To represent their 14,000,000 members, Luckman said, unions now employ



PICKETING PENALTY

Strike skirmishes at the Miller Meter Inc., plant in Chicago ended last week with one small child motherless—temporarily. "Mom" was among 33 C.I.O. steelworker pickets arrested and hauled off in patrol wagons after one of the few outbreaks of picket line violence in recent months. The C.I.O. union called members out of the Miller plant in a jurisdictional dispute with the independent International Assn. of Machinists. I.A.M. with a plant contract until Nov. 1 ordered the picket lines crossed.

74%, the
and salary
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G.W.U.
her in a like predicament."

affiliation Fought

Telephone workers' union
to remain independent. To
so it must achieve material
this year without striking.

member unions of the National Fed-
eration of Telephone Workers are set
1947 contract discussions with Bell
affiliated telephone systems. De-
mands for a general wage boost of \$12
a week will be pressed nation-
wide. Efforts will be made to establish a
weekly minimum for craftsmen, \$57
switchboard operator.

In the extent that the union is suc-
cessful may hinge the answer to ques-
tion of whether N.F.T.W. can con-
sider as an independent union.

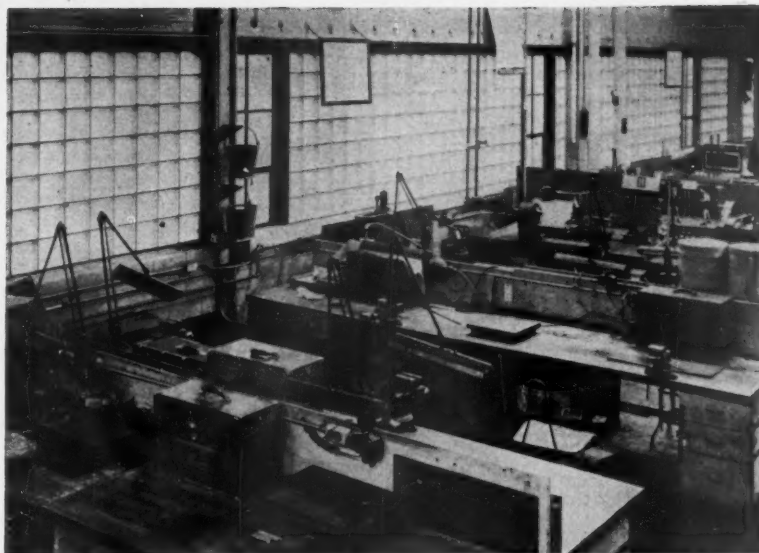
Local Bargaining First—Under a nego-
tiation plan adopted by the N.F.T.W.
(Dec. 14 '46, p. 108), first discussions
will be on a local basis. Each of the
union's 49 member unions will try,
in one month, to reach an agreement
with the regional telephone system for
the work of its members.

Unless satisfactory settlements result,
unions will file strike notices on Mar. 1.
They will turn negotiations over to a
national negotiating committee on that
date. The N.F.T.W. has threatened a
strike Apr. 7 unless a contract is reached
before that deadline.

Strike Unlikely—A crippling com-
munications tie-up is not, at the
moment, thought likely. N.F.T.W.
described its strike-notice plans as
a formality only. It has emphasized that
it is not its claimed 300,000 mem-
bers who want a strike.

At the same time, N.F.T.W., seek-
ing to establish itself as a strong, in-
dependent communications union, re-
cognizes that it must make material con-
cessions, even if it has to strike for
them.

Proof of Strength—Until last year's
telephone strike (BW—Mar. 16 '46, p. 96),
there was a general disposition to de-
precate the importance of telephone
workers' organizations. Most unions
were considered too weak to be
important, or were believed to be close
to the companies in which they func-
tioned. But although the 1946 walk-



How PC GLASS BLOCKS pay for themselves

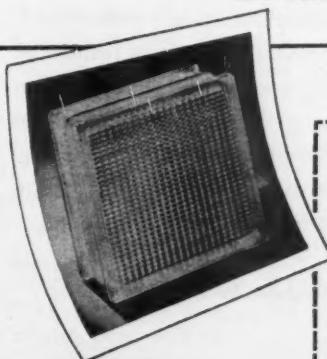
► Satisfied users report that the lighting, insulating and protective properties of PC Glass Blocks cut operating costs. PC Glass Blocks of the proper pattern distribute floods of diffused daylight, even to remote areas. That means more profitable production from the same amount of space. And you pay less for artificial lighting.

PC Glass Blocks reduce heat losses, hence reduce fuel costs. The solid panels prevent infiltration of destructive grit. The smooth glass surfaces can be quickly and easily cleaned—inside and outside—by one man with a wet brush, so you save additional money on maintenance.

These savings on operating costs are some of the ways PC Glass Blocks pay for themselves. In addition, they prevent damage to precision machines and goods in process, promote the comfort of workers, hence help to turn out better work—and more of it.

The many and varied uses of PC Glass Blocks are fully described and illustrated in our recently published book. We shall be glad to send you a free copy upon request. Pittsburgh Corning Corporation, 632 Duquesne Way, Pittsburgh 22, Pa.

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Ph. D. IN PALATABILITY

Blending all the selected ingredients...adding the spices and condiments that bring out the full flavor of the dish...timing the cooking to the second...and then the test of taste...taste acquired by years of specialized experience.

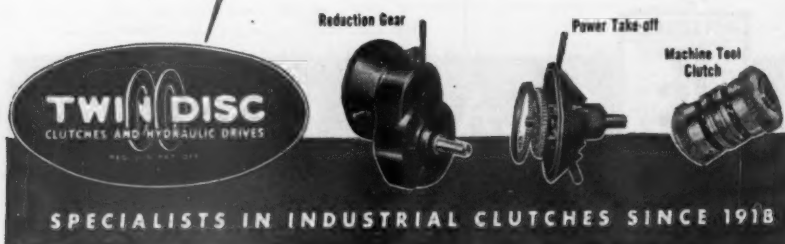
Experience makes a chef...and experience is vital in the manufacture of power transmission units.

For 28 years, designers, engineers, and management at the Twin Disc Clutch Company have been accumulating unmatched experience in transmitting and con-

trolling power. It is this experience that enables them to build *proved* clutches and hydraulic couplings for every type of industrial equipment.

This long record of successful experience explains why so many leading manufacturers of industrial equipment specify "Twin Disc" in solving their power transmission and control problems. They recognize that in the manufacture of clutches it's results that count.

TWIN DISC CLUTCH CO., Racine, Wisconsin
Hydraulic Division, Rockford, Illinois



outs were only partially successful. N.F.T.W. mobilized sufficient influence to make its independence and true trade union character apparent.

One weakness was revealed, however. N.F.T.W. had no authority over affiliated unions. Any time regional unions decided to break with federation policy they could do so.

Since then, N.F.T.W. has devoted considerable time to getting better integration. It has succeeded (1) in mobilizing a solid front of member unions for 1947 contract demands, and (2) in winning preliminary acceptance of plans for a new and centralized union, the Communication Workers of America (BW—Nov. 23 '46, p90).

• **New Powers—C.W.A.** would N.F.T.W.—reconstituted with powers such as those usually held by international unions in A.F.L. and C.I.O. N.F.T.W. member unions still must ratify plans for C.W.A. to insure approval; a minority which favors going into either A.F.L. or C.I.O. must be kept in check.

If N.F.T.W. can win material gains in current bargaining, chances are remote that dissidents can muster support for affiliation with either of the unions. But if N.F.T.W. runs into a costly strike, or if it makes an unpopular settlement, then A.F.L. or C.I.O. may ultimately be able to take over at least a large part of N.F.T.W.'s union membership.

• **Determining Factor**—That prospect weighs very much in the minds of N.F.T.W. leaders. It will have an important effect on their bargaining attitude. On the one hand it may temper demands which otherwise might lead to a strike. On the other, it will block compromise on any terms short of what N.F.T.W. leaders consider sufficient gains to guarantee an independent course for the union.

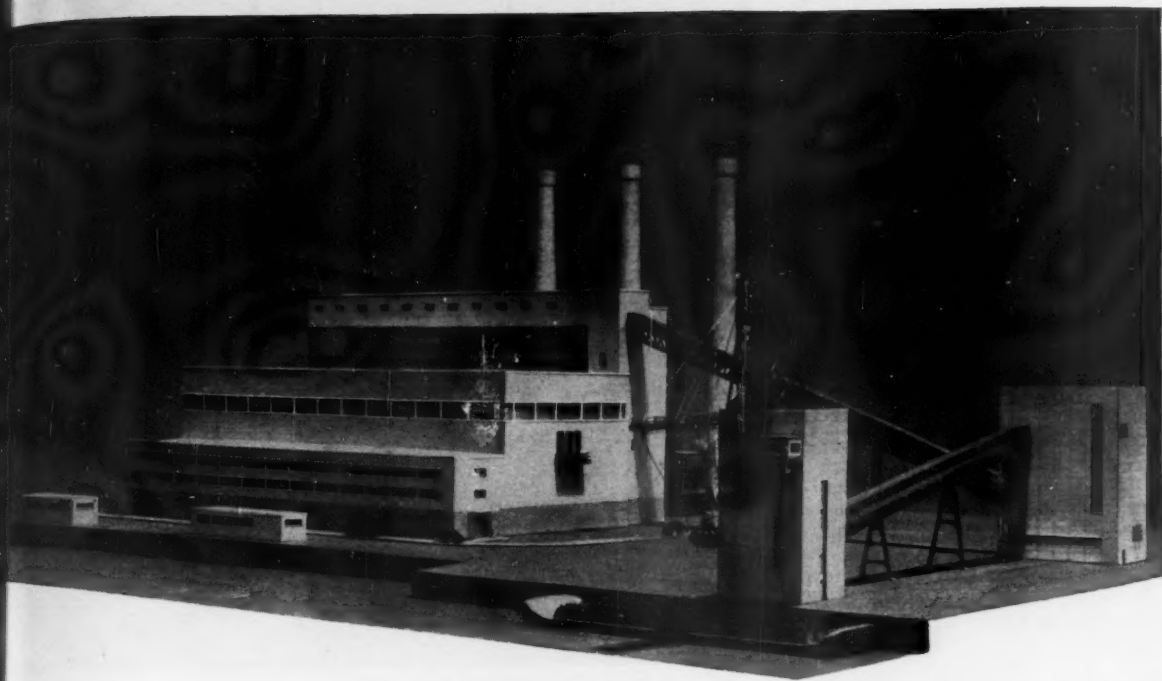
RUBBER TALKS SNAG

Wage negotiations between "Big Four" companies and C.I.O.'s United Rubber Workers (BW—Jan. 25 '47, p8) ran into a snag this week. Conference which had been expected to bring quick settlements were suspended indefinitely after eight days of fruitless dickering. As conferees left Cincinnati, U.R.W. took steps for a strike, if necessary, to press union demands.

U.R.W. asked major companies for a 26¢ hourly increase. This figure was based, it said, on an estimated 16% rise in living costs during 1946.

U. S. Rubber, Firestone, Goodrich and Goodyear—acting jointly—considered with a request for a 90-day adjournment of negotiations. The union refused, and negotiations finally were broken off without ever settling down to a cents-an-hour discussion.

The union policy committee was



Steam will be hotter — at Sewaren

These three factors are the unwritten plus-values in every C-E contract —

Knowledge — to solve today's, and tomorrow's steam generating problems.

Experience — to interpret, from a world-wide background, every important industry, the specific needs of each installation.

Facilities — to manufacture complete steam generating units for every requirement, from 30 boiler horse power to the largest.

In a power plant, steam temperature has a direct effect on economy and efficiency. Higher temperatures mean lower fuel cost and greater efficiency. But progress has trodden on the heels of the metallurgists and designers. Twenty years ago 750° F was a daring experiment. Today, with new alloys and improved designs, steam temperatures have passed the 1000° mark.

At Sewaren, New Jersey, the newest power station in the Public Service Electric & Gas Company system, steam will be generated . . . for the first time in power station practice . . . at 1050° F. The initial section of this station will house three huge C-E Steam Generating Units supplying steam at this temperature and at a pressure of 1500 pounds per square inch to three 100,000-kilowatt turbine generators.

The end, of course, is not in sight. Still higher steam temperatures will permit still

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BUT IN UNITY IS THERE STRENGTH?

One of the matters before the A.F.L. executive council meeting in March was a formal request from C.I.O. to participate in a common front against antilabor forces. It was an appeal which A.F.L. could not ignore. Nor could it be accepted, for that would give the C.I.O. implicit recognition as an A.F.L. equal. So the A.F.L., declaring that an effective common front could be achieved only through organic unity of the entire labor movement, turned the tables. It named the five men above to a "merger committee" to work out unity details with the C.I.O. The committee personnel makes it clear that A.F.L. is offering no olive branch. Now it's up to the C.I.O. to duck without giving the impression that avoiding a unity meeting which John L. Lewis attends is more important than getting labor together.

into session immediately. Shortly afterward U.R.W. announced that local unions in 20 states were being instructed "to place themselves in a stronger bargaining position." Local officers are to obtain strike authorizations from their memberships, and to file strike notices. It does not necessarily follow that a strike will come.

Management's request for postponement would, if granted, delay negotiations until deferred steel and auto pay parleys are held. Last year the Big Four rubber companies waited until steel and auto companies settled on 18½ hourly raises, then followed that pattern.

BONUS KITTY GETS FAT

Mounting production at Kaiser-Frazer is showing up where the Willow Run workers like to see it. Figures on the production fund "tally cat" (BW-Dec.14'46,p90) for fiscal 1947 already

have exceeded the amount distributed last year. Production workers are looking forward to bonus checks, next December, which will be many times \$19.78 averaged in 1946.

Based on \$5 per car and \$1.25 Rototiller farm machine produced, year's fund totaled \$55,036. Although that was the accumulation for the months prior to Dec. 1, actually most of it was registered in October and November. And the 1946 total was exceeded in the first 38 working days of the new year which began Dec. 1, 1947.

When the third month of production toward the 1947 fund began last week, the "kitty" had \$63,766.25.

The 1946 fund was shared by 2,100 eligible employees. Under the plan workers entitled to a cut in the month must have been on the payroll for 30 days. They must have a record of at least 90% presenteeism, take no part in any unauthorized work stoppage.

INTERNATIONAL OUTLOOK

BUSINESS WEEK

FEBRUARY 8, 1947

SERVICE

Business conditions in Britain are deteriorating seriously.

Coal production is lagging so far behind demand that factories are being forced to reduce their work week, or shut down completely.

Austin Motors—producing 2,000 automobiles a week, half of them for export—closed its largest plant this week.

And despite the desperate need in a dozen key industries for supplies of basic steel, all steel mills have been forced to cut operations 25%.

How far the crisis has developed was revealed dramatically to Americans this week.

Despite desperate efforts to buy nothing abroad that can possibly be produced at home, Britain's Board of Trade has been forced to approve the release of dollars to purchase 10,000 tractor engines of 20 hp. from a U. S. manufacturer to fill out domestic and export orders for British-built tractors.

Washington is already alarmed over possible repercussions. World business will be hit if the situation in Britain grows worse.

Without more manpower, Britain can't hope to boost production; and without more production, the country can neither speed its reconstruction job nor maintain exports at levels necessary to pay for the raw materials the British must buy abroad.

Unless some solution is found quickly, Britain is unlikely to be able to meet its obligations under the loan agreement with Washington.

London has not asked for a postponement, but U. S. officials are increasingly nervous over the outlook for settlement according to plan.

The British are already under criticism from Washington because they wrote clauses into their trade pact with Argentina which would give British traders a privileged position in that country.

If exports begin to shrink, London inevitably will turn down all proposals that Empire tariff preferences be abandoned.

Any hope of bold bargaining for tariff cuts initiated by the British may as well be written off now.

You can take with a grain of salt the Australian announcement this week that purchases from the U. S. will be cut to the bone in order to conserve dollar exchange to help London through a bad year.

Actually, this is nothing new. U. S. manufacturers were warned more than a year ago that imports of basic products would be drastically controlled.

As a result, a score of U. S. manufacturers have built branch plants in Australia and are now ready to produce locally a line of products ranging from automobiles to women's hosiery (BW—Nov. 2'46, p101).

British business is continuing its drive to expand sales abroad.

J. Arthur Rank, British movie czar, is successfully pushing his worldwide movie chain.

Latest move is the formation of a Portuguese company which will acquire or build a string of theaters similar to the Rank chains in other countries.

In Argentina, a profitable chapter in British investment came to a close this week with the sale of the British-owned railroads to the Argentine government.

Selling price was more than \$500 million—nearly double the price

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK
FEBRUARY 8, 1947

originally offered by Buenos Aires, but far less than half the valuation listed by London owners.

You can look for an announcement by Washington of a U. S.-Soviet trade conference to be held in this country before summer.

The U. S. wants the Soviet to allow American firms to send their own men into the U.S.S.R.—both to sell and service U. S. equipment and to investigate and buy Soviet products. The State Dept. has invited Moscow to send delegates to the conference who are prepared to negotiate on this basis.

U. S. purchases from the U.S.S.R. are now being made at the rate of \$100 million a year, with furs still topping the list.

No deal is likely to be completed until Moscow settles its lend-lease obligations.

Kremlin promise now is to undertake these negotiations with Washington as soon as enough Russian officials can be spared from other international conferences to handle the assignment.

Competition for business in the Middle East is already gathering momentum.

U. S. equipment suppliers will soon see the results of the economic survey of Saudi Arabia recently completed by an American engineering mission.

Assured of \$100 million of oil royalties in the next five years, the Saudi Arabian government already has plans for rail and port construction, new irrigation projects, and modernization of half-a-dozen Arab towns.

Farther north, where new pipelines from the Iraq oil fields will carry oil to Mediterranean refineries, a British trade mission has just completed a trade survey. Syria, Lebanon, Trans-Jordan, and Palestine are all expected to enjoy increasing business as the world's greatest oil fields to the east and south are developed.

Ignore reports that the World Bank, in one of its first moves, will fill Iran's request for a \$250 million loan.

Actually, the Teheran government already has \$125 million of gold that it can spend to start a program of internal improvements.

It is from this reserve that the country is paying for the economic survey now being made by Morrison & Knudsen, U. S. engineering firm.

If the World Bank ultimately provides a credit to Teheran, it will probably be on the basis of this survey, and a list of projects which it may recommend.

In the costly competition now being waged among the airlines for international routes, United Air Lines may have set a new pattern.

A new contract now links Air France and its 100,000-mile worldwide network with United's closely knit 9,000-mile system inside the U. S.

First cargo of Korean goods since the war has reached Los Angeles.

Consigned to the U. S. Commercial Co., this pilot shipment will be appraised and—as soon as possible—added to the company's display rooms in New York, where orders may be placed for future shipments.

Argentine Guide

Economic survey hits at on's pet scheme for steel iron, but it lists twelve industries likely to do well.

The Argentine Trade Promotion of Buenos Aires has published an analysis of Argentina's national economy. The report, made after many months of intensive research, emphasizes industrial and trade potentials. It provides a handy pocket guide to both good and bad business prospects in the Argentine.

Old Water for Steel—Singled out first place among uneconomic enterprises is the apple of President Peron's eye and central factor in the Five-Year Plan: the national iron and steel industry. The report concludes: "In order to maintain any very large industry in Argentina it would be necessary to provide some type of subsidy to keep it operating in competition with the steel industries of the United States, England, and Germany. It is sometimes argued that Argentina has a domestic steel industry for military security. If Argentina became involved in any war that was likely to cut off its supply of finished or semi-finished steel, such a war would cut off foreign supplies of ore and coal to the same extent."

The report cites high-grade ceramics and textile specialties as doubtful lines for profitable endeavor. It recommends not attempting to meet all the

country's needs for certain specialized chemicals, drugs, and luxury goods.

• **Dozen Possibilities**—The report lists twelve industries, or categories of products, likely to find a ready and long-run domestic or foreign market. Argentina's already well-developed agricultural industries are omitted from the list, which includes:

(1) Hog production. This industry has grown rapidly in recent years, but Argentina still exports feed to other hog-raisers. Since it takes 1,100 lb. of corn to produce 220 lb. of dressed pork, an 880-lb. saving in freight can be had by selling the pork.

(2) Dairy products—particularly high-grade cheese, butter, dry milk, and ice cream.

(3) Corn products—including liquor.

(4) Tanning industry—for which ample hides and quebracho extract are at hand.

(5) Industries utilizing wool. The wool-washing industry is a sure money maker, saving nearly half the freight on wool exports.

(6) Cotton textile industry—profits available in standard types.

(7) Forest products industries—virtually unexploited.

(8) Mineral products—including cement, lime, zinc, and lead.

(9) Heavy chemicals based on local materials—including caustic soda, hydrochloric acid, and sulphuric acid. (The Peron Five-Year Plan emphasizes expansion of production in these particular lines.)

(10) Hydroelectric power production—to supply adequate cheap power to industry.

(11) Manufacture of most items of clothing, and shoes.

(12) Miscellaneous small industries—bakeries, manufacture of tobacco products, candies, and various byproducts.

I.G.E. Catches Up

Repair and expansion jobs keep international engineering specialists busy. Soviet power station is biggest project.

War-postponed repair and expansion programs are keeping International General Electric technicians busy throughout the world.

Twenty-five engineering specialists are directing the installation of new electrical equipment worth \$20,000,000, overhauling run-down equipment, and surveying war damage in ten countries.

In the Soviet Union, I.G.E. has its biggest foreign assignment: reconstruction of the giant Dnepr power station near Zaporozhe, in the Ukrainian Soviet Socialist Republic. Dneprostroi was stripped by the retreating Red Army in 1941 and then blasted by German sappers when the Wehrmacht left in 1943.

Charles J. Thomson, a member of the Schenectady staff of G.E., is in charge of installing the three new 90,000-kva. generators, switchgear, and transformers. The first big generator purred through its preliminary tests on Jan. 17. Thomson is an expert of real standing; for work on the original Dnepr dam installations he was awarded the Order of the Red Banner of Labor.

Two other well-traveled G.E. technicians are among the four who are assisting at Dneprostroi: Frederick B. Keddy is in the Ukraine after supervising the installation of a hydropower station in Iceland during the war and helping put in electrical equipment for a Mexican steel mill; Robert G. Foster recently supervised installation of the water wheels and generators for the



LIVERY WAS A BIT DELAYED

The steam is up on the Volkswagen production line and the German "People's Car" at last is rolling in quantity. Output at the big Wolfsburg plant isn't according to

Hitler's schedule. Allied authorities supervise the plant; displaced persons swell the workers' ranks. And the end product—a low-cost, four-passenger vehicle making between 35 and 40 mi. per gal.—still isn't reaching the people; occupation and government authorities are getting it.

Gafanhoto hydro project in Brazil. In Mexico, three I.G.E. jobs are under way.

Louis Levoy, Jr., of Schenectady is bossing the installation and early operation of a new-type control for a paper mill at Atenguicque, Mexico.

James H. Moses, from the Lynn (Mass.) staff, is working with Petroleos Mexicanos near Mexico City installing two 7,500-kw. turbines. He previously has worked for G.E. in Chile and Puerto Rico.

Earl Martin, also of the Lynn works, is on a wandering assignment giving several older machines in Los Mochis, Navolato, Monterrey, and Vera Cruz their periodic overhaul.

In Sumatra, across the Pacific, Robert Soper—one of the oldest field engineers in terms of service—is rehabilitating four G.E. turbines at the Palembang refinery of the Standard-Vacuum Oil Co. In the same locale, another I.G.E. expert, Everett Thomas, is making an electrical power survey.

In Manila, another Schenectady man, Lloyd Marsh, has been added to the staff of General Electric (P.I.). He is assisting with the overhauling of four hydroelectric generators and other electrical equipment damaged by the Japanese during the Philippine fighting.

In Saudi Arabia, a G.E. technician who has made three quick shifts in the torrid zone, is now overhauling steam turbines installed in 1945. He is Frederick Heffner of the Lynn works. Previously he was doing a repair job for a sugar mill in Puerto Rico. And earlier, he had renovated an old German

turbine for the Panama Electric Light & Power Co.

In Turkey, James Boyle of the Philadelphia G.E. office is overseeing the installation of transport equipment in Ankara. Also, he is training personnel in the operation and maintenance of A.C.F.-Brill trolley coaches which have G.E. traction motors and controls. With him is Henry Waslosky, an I.G.E. Schenectady specialist, installing the trolley overhead. Waslosky has behind him similar installations for the Mexican railways and for the private rail line of the Anglo-Chilean Consolidated Nitrate Co. in Chile.

In Peru, a G.E. engineer from the Lynn works, Robert B. Wade, is installing two 5,000-kw. turbines at Paramonga.

Earl Carrier of Schenectady is in Chile, putting in generators at the Abanico hydro project for Corporacion de Fomento (BW-Jan. 1'44,p44).

In Brazil, eight technicians are busy on a variety of projects. Sam Eure of Philadelphia is supervising installation of propulsion equipment in naval craft for the Brazilian government.

Donald R. Smith of Schenectady and John Kone of Erie are installing G.E. rectifier substations for the Sorocabana railway, which also is getting some G.E. locomotives.

At the Serra plant of the Sao Paulo Tramway Light & Power Co., Clarence Watson and Robert Haake, both from Schenectady, are installing a new 55,000-kw. hydroelectric generator.

Another Schenectady man, Gordon Farren, is installing a 10,000-kva. gen-

erator for the Maua power plant of Industrias Klabin de Parana paper. Robert R. Cook of the Newark office is in charge of the installation and will conduct the preliminary design of the G.E. control for the machine.

Lincoln Higgins, from the Schenectady staff, is at Volta Redonda seeing installation of steel mill equipment for the National Steel Co. of Brazil.

Finally, James O'Neill of Schenectady, a steam turbine specialist, is installing five 50,000-kw. turbines with the Cia. Argentina de Electricidad (CADE) has installed since 1926. No other such turbine has been ordered from G.E. and will be installed next year.

• **More on the Way**—This is the impressive list of current projects at work. G.E. and I.G.E. experts are playing leading roles. However, there are more on the drafting boards of other and coming countries now standing in line for heavy electrical equipment.

Soviet Production

Russian report on 1946 first year of new Five-Year Plan indicates that not quite half industries achieve initial goals

In the first year of the Soviet Union's fourth Five-Year Plan, twelve industries more than achieved their production goals, while 15 fell short.

This is the report of the Soviet State Planning Commission in its resume for 1946. The commission sticks to annual percentages, gives few solid figures on production. The current plan (1946-1950) aims at rebuilding and pushing production to 1940 levels and beyond. While plan-end goals are given (1940 figures are known) the yearly goals have not been published.

• **Leaders and Laggards**—Leading list of ministries that exceeded target figures was the Ministry of Meat & Dairy Products, with 110% fulfillment. The Ministry of Cellulose Paper rated 109%.

Among ministries that fell short the target were: Agriculture Machinery building, 77%; Transport Machinery building, 81%.

The 1946 drought is reported to have been the worst in 50 years, with area affected even larger than that which wasted in 1891. Food production, however, was reported far and away above the dismal famine year of 1921.

• **Consumer and Heavy Goods**—Soviet industrial achievements are hard to gauge among the scattered returns showing only increases above the bad war reconversion year, 1945. Consumer

Soviet Stamps Plug Production Goals

Soviet citizens are made plan-conscious by every feasible propaganda mechanism. The official radio, newspapers, and posters reiterate the economic goals that are to be achieved by the current Five-Year Plan.

A variation, reminiscent of the "five-year-plan-in-four" campaign of 15 years ago, is embodied in the new series of Soviet postage stamps. These adjure the Russian workers to fulfill the goals set by Premier Stalin in his pre-election speech just a year ago. At that time, Stalin asked for production of 127,000,000 tons of grain, 50,000,000 tons of oil, 500,000,000 tons of coal, and 60,000,000 tons of steel. These goals are to be achieved in the course of "three or more five-year plans," with 1960 being the most often mentioned target year.

On the 20-kopek (nominally 4¢) stamp, a traveling ladle is shown pouring steel into ingot forms, and the legend calls for national output of 60,000,000 tons of steel (above). The other



goals mentioned in Stalin's speech form the basis for the design of other stamps in the current series.

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goods output in 1946 exceeded the 1945 level by 20%.

Some 800 state enterprises were built or restored in 1946, including: 6 blast furnaces, 18 openhearth furnaces, 9 rolling mills, 1 large blooming mill, 11 coking batteries, 36 large coal mines, and 117 power-station turbines—including two of 100,000-kw. capacity each.

• **Further Attainments**—There were signs of postwar reconversion in other fields. Among them:

• The White Sea-Baltic (Stalin) Canal was reopened to traffic.

• In the textile mills, 300,000 spindles were installed. The refining capacity of the sugar refineries was raised by 100,000 tons.

• **Enemy-Held Areas**—Rehabilitation of former enemy-occupied areas continued. In these, over-all production rose 28%, but heavy industries rose even farther: steel, 67%; rolled metal, 57%; and pig iron, 59%. The production of coal in the Donbas rose 30%, but is still below the 1940 level of output.

DREDGES FROM GERMANY

MELBOURNE—The State Electricity Commission of Victoria, Australia, has ordered two giant dredges from a firm in the British zone of Germany. Delivery is promised within 18 months—much sooner than the equipment could be obtained in the United States, Britain, or Australia.

This order coincides with Australian plans to expand open-cut mining. The areas include government-controlled mines at Yallourn and a new site in south Gippsland.

The existing Yallourn overburden

American Cars Preferred

Proof that the backlog of foreign orders for passenger autos is just as big and insistent as the domestic demand is contained in a report from Rio de Janeiro. Local dealers there have orders on the books as follows: Ford, 4,950; General Motors, 4,457; Austin, 420; Vauxhall, 370; Packard, 255; Hillman, 250; Jaguar, 220; Armstrong Siddeley, 100.

• U. S. manufacturers can take some pride in these proportions. They can take even more in price comparisons. A Buenos Aires source, for instance, gives the following prices for trucks:

British—Austin, 3½-ton, 15,250 pesos; Bedford, 5-ton, 15,030 pesos; Commer, 1½-ton, 9,650 pesos; Morris, 5-ton, 15,840 pesos.

U. S.—Ford, 1½-ton, 8,450 pesos; 3-5-ton, 9,825 pesos; 5-ton, 9,050 pesos.

dredger was installed in 1928, but production rapidly outpaced earth removal. Australia tried unsuccessfully to get delivery on another unit before the Brown coal output in Victoria has tripled. Thus the state is now a independent of New South Wales minous. The increase was made possible by shipments of power shovels and earthmoving machinery from the

The new government plan for Gippsland would involve expending up to \$47 million. Coal deposits are estimated at 122,500,000 tons, seam runs up to 380 ft. in this under an overburden of 43½ ft.

The Electricity Commission recommends expansion of coal output to 1,000,000 tons by 1961-62. Production from the new open cut, with Yallourn would run to 1,300,000 tons. Two briquette factories are planned.

NEW GUINEA OIL SEARCH

MELBOURNE—One of the extensive oil searches in the Pacific region is under way in New Guinea. American gravity meter party and U. S. experts, British oil men from parts of the world, and 300 New Guineans are taking part. What they will decide whether New Guinea is an asset or a dead loss to its ultimate trustees.

The \$1,605,000 project is backed by Standard-Vacuum Oil, jointly owned subsidiary of Standard Vacuum Oil Co. and Standard Oil (N. J.); d'Arcy Exploration Co., an Iranian fame; and Oil Search Ltd., Sydney.

The Australasian Petroleum, jointly financed by the three, has \$4,012,500 on oil quests in New Guinea since 1938. The Japanese invasion in 1942 stopped drilling at a hopeful. Nearly \$500,000 worth of equipment



was recovered undamaged after Japanese surrender. This has now supplemented by \$513,000 worth of to-date drilling equipment, most of American make.

Drilling to depths up to 10,000 ft. will be required to determine whether oil deposits are of commercial proportions.

The site selected for the first operation is Kariava, about 70 miles from Vialala River, on the southern coast of Papua (Australian New Guinea).

CANADA

Unanimity, But—

Though opposition parties support government's foreign policy, they may fight plans to extend domestic controls.

OTTAWA—The Canadian Parliament met last week and put on a demonstration of unanimity on international business. But there are prospects of sharp discord on the principal domestic issue: What to do about Canada's price and commodity controls?

Foreign Stand Upheld—The House of Commons was unanimous in backing the government's demand for a share in the shaping of the German peace treaty commensurate with the country's sacrifices in the war.

Since the San Francisco conference, the Canadian government, assuming itself to be the most powerful of the smaller allied governments, has put itself out to go along with the big powers. It has set an example in restraint to the other smaller states, which frequently felt they were being ignored in international councils.

But the Canadian government objects to being asked to talk to the major nations' deputies. For a time it refused to submit any views on the German settlement to the London meeting of foreign ministers' deputies. The day Parliament met, Canada finally presented them under protest. This protest was backed in Parliament by the opposition parties.

Domestic Issue—Party leaders conferred privately on the eve of Parliament's opening and agreed to give priority to the government's domestic control legislation. The aim is to replace the blanket power now on the statute books but due to expire Mar. 31.

Parliamentary battle on decontrol comes at a time when the government's economic advisers are coming to the conclusion that the expected minor recession in the United States is going to be delayed. It seems certain that the spread between U. S. and Canadian price levels is not going to be narrowed quickly by the expected U. S. decline.

U. S. price levels are still climbing, except for foods (page 84). And the drop in foods is considered unimportant because of the previous sharp rise since last June. The official conclusion, therefore, is that Canada must keep controls or let the consumer take the rap.

Some Boosts Granted—Last week price increases were authorized on oils and fats and derived products; on some clothing items; and on bedding.

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THE MARKETS

(FINANCE SECTION—PAGE 6)

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
Industrial	152.8	149.2	147.2	179.1
Railroad	49.0	47.5	47.4	69.5
Utility	80.9	79.8	80.7	92.3
Bonds				
Industrial	123.5	123.5	122.6	124.4
Railroad	114.6	114.6	114.0	119.6
Utility	113.0	111.0	110.9	116.6

Data: Standard & Poor's Corp.

The State of the Bond Market

The current enthusiastic upsurge of
the stock market (page 15) has had
some favorable effects on bond prices.

• **Less Oomph**—What strength has
been shown recently in the bond mar-
ket, however, hasn't matched that
disclosed by stocks. And there has been
no comparable rise in trading activity.

Thus far, most of the higher bond
prices have been pretty much confined
to lower-grade corporate issues. And the
particular beneficiaries to date have
been the speculative income bonds in
the rail section of the list, which have
been considerably depressed in recent
months.

• **Governments**—In the government
bond market, in fact, a somewhat easier
price tone has prevailed among the in-
termediates and long-term issues. This
has been due to a revival of rumors that
the Treasury is seriously considering the
issuance before long of a new long-term
obligation specifically designed for non-
bank investors.

Wall Street's Treasury bond specu-
lists aren't taking these current rumors
too seriously at the moment. However,
they are not entirely dismissing the pos-
sibility, either. They think such a new
issue might well be offered, if the pres-
sure from accumulations of must-be-
vested funds should push the yields of
long-term governments substantially
lower.

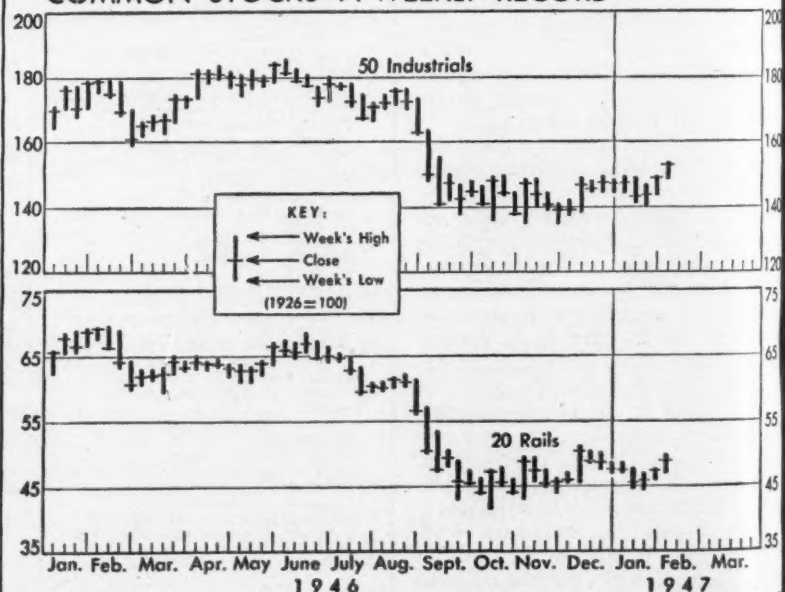
• **Municipals**—In the municipal bond
market, prices recently started to show
some signs of sagging—after several
weeks of strength. As a result, new is-
sues have lately been moving out
underwriting hands quite slowly. In
contrast, many similar offerings earlier
in 1947 were "out-the-window" marketing
jobs.

But relatively few new municipi-
al issues are scheduled for offering during
the rest of February. This will give
dealers a chance to work on the cur-
rent "float," so unsold issues in dealer
hands are not believed to represent an
immediate threat to the municipal price
structure. Nevertheless many authori-
ties do expect to see, later on, a resump-
tion of late-1946's broad downtrend in
these quotations (BW—Nov. 2 '46, p. 66).

• **Foreign Issues**—Among the un-
happy investors in recent years have been
the many "stuck" with nontradable
enemy-country dollar bonds. Little
headway appears to have been made
since V-J Day in reestablishing the
eligibility for trading.

But there are signs that the subject
hasn't been altogether forgotten. It was

COMMON STOCKS—A WEEKLY RECORD

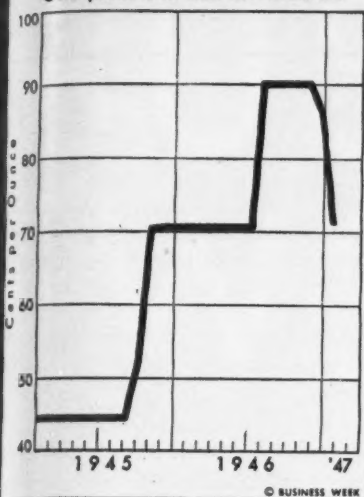


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SILVER—

One price that has come down



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discussed among New York Stock Exchange and government officials recently, particularly with respect to the \$73,000,000 of various Italian issues estimated to be held here, and the effort is continuing.

Some new Big Board listings of European bonds may be seen before long. The Netherlands, Denmark, and Belgium are reported ready to offer sizable blocks of dollar bonds once the new issues market shows sufficient improvement (BW—Feb. 1 '47, p62). Norway is said to be considering a \$10,000,000 "new money" issue. And Sweden, according to still unconfirmed rumors, may also try to borrow here.

Equilibrium in Silver

Things have become a little calmer in silver. The price of imported metal seemed early this week to have stabilized for the moment at 70½ a troy ounce after the tumble late in 1946 and early this year (chart). Consuming industry in this country, which couldn't see much point in buying on the way down, is back in the market.

London Price Slashed—The week started off with a piece of news that might have sounded, to the casual observer, like another blow to the white metal. The London price was cut Monday morning from the prevailing 55½ pence an oz. to 44 pence. The move actually meant very little; it served simply to bring the London price roughly into line with New York.

Buyers in the New York market take only a rather academic interest in what happens these days in London and Bombay, the other two principal trading centers. The reason is that silver doesn't move freely between the three, largely due to foreign exchange restrictions.

Reliance on Imports—Main interest in New York in recent weeks has been

the volume of imports. Industry and the arts must rely on this flow because newly mined domestic production goes into the Treasury at the price of 90½ an oz. voted by Congress last summer (BW—Jul. 27 '46, p36).

So most domestic metal has been Treasury bound. But it is more than likely that some U. S. silver ineligible for the 90½ Treasury price (and not sold under the old price of 71.11¢) was pressed for trade sale during the price slide.

• **Question of Eligibility**—Here's the way that would affect the market. Silver mined in this country prior to last July 1 could be sold to the Treasury only at the old price. However, when the Treasury bid went up to 90½¢, the price of imported metal followed right up to within a fraction of the official quotation.

Anyone who had domestic silver at the old price was sitting pretty—until imports knocked the props out from under the market. It would be only natural for those holding metal ineligible for the Treasury's 90½¢ price to try to sell at any level better than the 71.11¢ that it would bring at the Treasury.

• **Confirmation**—One reason for presuming this actually took place is the way the market steadied as soon as the price went under 71¢ an ounce. It definitely wasn't a question of foreign supply drying up; imports were reported to be still in pretty good volume.

This just adds a footnote to one more chapter in the weird politico-economic history of silver. It now remains to be seen how much silver will be wanted at present prices in major uses such as flatware, photographic supplies, and jewelry.

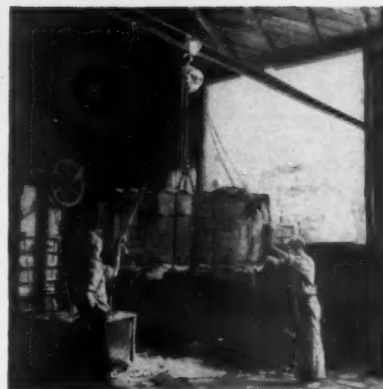
Recent years have seen demand far in excess of supply.

• **High Set in '44**—The high for industrial use was 140,000,000 oz. in 1944. Before the war, a good year was 35,000,000 oz. exclusive of coinage. Even 1946, the first full calendar year after the end of wartime uses, saw a total of perhaps 105,000,000 oz. absorbed.

And use last year would have been even larger but for the log jam in the middle of the year. Foreigners wouldn't sell in this market until Congress made up its mind how much to jump the price. Domestic production, obviously, wasn't going to industry with a higher Treasury price in sight.

For week after week, as a result, industry was pinched for supplies. Volume for the year suffered accordingly.

• **Rosy Future**—There isn't much talk of a shortage this year, however. Foreigners who hold silver, and producing nations that want dollar exchange, are willing sellers. And Britain's abandonment of silver coinage cuts off one normal channel of use.



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THE TREND

TO GET BETTER LABOR LEGISLATION

If those Washington press correspondents who think and report almost exclusively in political terms could be put out to pasture for the next six months the chances of getting constructive federal labor legislation might be materially increased. In that event it might be more nearly possible to get public and congressional attention focused on such transcendently important issues as whether or not proposed legislation makes economic sense.

• As matters stand, a couple of the standard pigeon-holes used by the politically minded Washington correspondents in sorting proposed labor legislation—and by legislators dealing with this subject—are marked “Tough” and “Soft.” If a consequential leader of organized labor reacts with more than normal violence to a proposal for labor legislation, it is put into the “tough” compartment. If the proposal meets no more than the mild challenge that it is, say, “deplorable,” “an affront to all responsible freedom-loving men” it is put in the “soft” or “easy” compartment.

No doubt this process greatly simplifies the reporting of developments in the field of labor legislation. Also, if any stimulation is needed in the field in question, which is more than doubtful, it helps perk up the combat and controversy which are the very lifeblood of political reporting. But it does this at the cost of public and congressional understanding of some of the most critical issues with which our country has had to deal.

• A case in point is provided by legislative proposals to deal with industrywide collective bargaining. As James H. McGraw, Jr., points out in an editorial appearing elsewhere in this issue (page 32), there is no general conflict between employers and organized workers over the extension of industrywide bargaining. Some employers actually like that kind of bargaining and some unions do not. However, most of the higher-test union leaders are currently reacting violently against doing anything to check such bargaining. Also the most conspicuous sponsor of legislation to check it, Sen. Ball of Minnesota, has been put in the “tough” compartment of the political catalogs. The result is that legislative proposals to deal with industrywide bargaining are shuffled into the “tough” drawer more or less automatically, and the reporting of them by political reporters tends to be handled accordingly thereafter.

But if there was ever an issue which should be discussed with some freedom from partisan preconception, it is that presented by the pronounced trend toward the extension of industrywide collective bargaining. As Mr. McGraw's editorial indicates, it goes right to the roots of our entire economic structure, and affects every phase of it. Its impact upon the problem of industrial decen-

tralization is a matter of vital concern to such an exalted governmental body as the Atomic Energy Commission as well as to the humblest crossroads hamlet which is hoping and working to have some local industrial development.

• It is our guess that, if the present trend in the expansion of industrywide bargaining is not checked, the complaints about it a decade hence will be coming far less from employers than from the ranks of organized labor for which we anticipate it will provide its own special and uncomfortable type of straitjacket. We are supported in this belief by the finding of E. H. Van Delden, Director of Industrial Relations of the Libbey-Owens-Ford Glass Co., a student of the subject, that, while “the beginning years of industrywide bargaining usually provide a field day for the unions, . . . as time goes on the situation tends to approach an equilibrium.” As we see it, that equilibrium is one in which both parties, and preeminently the workers, will have found they have lost some of their most valued liberties, with no offsetting material gains.

We would be pleased to have lots of company in our misgivings about industrywide bargaining. What is even more important at the moment, however, is to get away from this quick cataloging operation into “tough” or “soft,” and move on to some enlightened discussion of the basic issues involved in proposed labor legislation. We have used industrywide bargaining merely as an illustration. Alas, many others are available.

“NOBODY HAS TRIED REASONING”

Against the immediate background of the British transport strike, the (London) Economist remarked editorially that “on the evidence as it exists up to the present, organized labor does not for certain possess the flexibility of mind or the responsibility needed to work either a policy for wealth or full employment.”

In extension of this depressing theme, the Economist said, in part: “The way to rise in labor organization is, very often, to make a nuisance of yourself. To the extent that this is true, it puts a premium on irresponsibility and makes appeals to reason self-defeating. But no one can say to what extent it is true, for nobody has tried reasoning with the rank-and-file of the Labour Movement. They have been exhorted and orated at, but rarely reasoned with. . . .”

Can we in the United States, in the ranks of both management and organized labor, learn something from this sad observation and thus possibly escape an essentially tragic chapter in economic development of the sort now being enacted in the United Kingdom? We hope so.

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